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Race, Class and Spatial Polarisation in the Greater Cape Town

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“Audiences know what to expect, and that is all they are prepared to believe in.”
The Actor, in *Rosenkrantz and Guildenstern – are Dead*, Tom Stoppard

I, Albert Zibuse Mbhele, hereby declare that the above thesis is my own unaided work, both in concept and execution, and that apart from the normal guidance from my supervisor, I have received no assistance. Neither the substance nor any part of this thesis has been submitted in the past, or is being, or is to be submitted for a degree at this University or at any other university, except as stated below.

Signature:

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Abstract:

This paper investigates evidence of a possible spatial mismatch in the Cape Town metropolitan labour market that could contribute towards explaining why low-skilled workers' unemployment rates are significantly higher in the south-east townships. Pre-1994 apartheid laws had a marked impact on urban land use patterns in South Africa. A new government came into power in 1994 and the Group Areas Act had been abolished. Recent reports demonstrate that there is an aggressive spatial distribution of private sector investment directed to the north, south and western affluent suburbs while the south-east townships, where the vast majority of poor low-skilled Africans and coloured workers live, remain largely sidestepped. In the USA, the spatial mismatch hypothesis suggests that the movement of firms and jobs from central cities to suburbs negatively affects blacks' employment both absolutely and relative to whites. This paper gives a qualitative analysis of whether the movement of firms to the decentralized locations of the southern and northern suburbs do cause a spatial challenge for low-skilled workers from the south-east townships. The paper concludes by arguing that the poor public transport system (to a lesser extent) and the manner in which vacancies are communicated by employers (to a larger extent) are the main elements that create a barrier to employment for low-skilled workers from the south-east townships than spatial mismatch. The implications for policy implications and recommendation are highlighted.

Keywords: •spatial mismatch •spatial distribution of employment •firms' locational decisions

MASTERS THESIS - TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	4
ABSTRACT.....	5
CHAPTER 1 INTRODUCTION.....	7
CHAPTER 2 LITERATURE REVIEWS.....	10
2.1 INTERNATIONAL LITERATURE.....	10
2.2 LOCAL CONTEXT.....	14
CHAPTER 3 EVIDENCE OF SUBURBANIZATION IN THE GREATER CAPE TOWN.....	18
CHAPTER 4 PATTERNS OF HOUSING DEVELOPMENT IN THE CITY.....	22
CHAPTER 5 RESEARCH METHODOLOGY.....	25
CHAPTER 6 PUBLIC TRANSPORT IN THE CITY.....	31
CHAPTER 7 SALIENT RESEARCH RESULTS.....	37
7.1 WESTLAKE BUSINESS PARK.....	37
7.2 BLACKHEATH INDUSTRIAL PARK.....	41
7.3 AIRPORT; EPPING AND PAARDEN EILAND INDUSTRIAL AREAS.....	44
7.3.1 AIRPORT.....	44
7.3.2 EPPING.....	46
7.3.3 PAARDEN EILAND.....	48
7.4 MONTAGUE GARDENS INDUSTRIAL AREA.....	51
7.5 KILLARNEY GARDENS INDUSTRIAL AREA.....	57
CHAPTER 8 DISCUSSION.....	60
CHAPTER 9 CONCLUSION AND SOME POLICY IMPLICATIONS.....	67
LIST OF INTERVIEWS CONDUCTED.....	70
REFERENCES CONSULTED.....	72

CHAPTER 1: INTRODUCTION

The City of Cape Town, like many other cities in South Africa, is confronted with rapid urbanization of people both from other provinces within the country and from outside of the South African borders (Williams, 2000). This, inevitably, results in a lot of pressures being exerted on its labour market to cater for a growing number of low-skilled job searchers. In light of the fact that the residential areas in Cape Town were racially segregated, and still are (Turok, 2001), it is asked in this paper whether there could be a spatial mismatch in the city's labour market that could help explain why there are high rates of unemployment among low-skilled workers from the south-east townships compared to other affluent and prosperous areas located in the southern and northern suburbs.

A number of commentators have written extensively on issues related to unemployment and its determinants (see for instance, Kingdon and Knight, 2004a, b; Turok and Edge, 1999), however, in this paper I am exploring whether there has been suburbanization of firms and jobs in the city of Cape Town and whether such suburbanization leads to a special mismatch for low-skilled workers from the south-east townships. Houston (2005) pointed out that when assessing the spatial mismatch hypothesis (SMH) it is important to distinguish between public transport (for example, bus, minibus-taxi, train) and transport by car stating that 'the increased mobility brought by car travel has led some authors to dub the commuting problem faced by the urban unemployed as automobile mismatch rather than spatial mismatch'. In South Africa, the white population has traditionally had more access to private cars (due to higher incomes) while the black population is largely reliant on taxis, buses and trains in the cities for commuting. South Africa's recent National Household Travel Survey 2003 confirms this in finding that only 10% of Africans of 18 years and older in the country possess a driver's licence compared to 83% of the White population (DOT, 2005). Accordingly, my main focus of this investigation will be limited to low-skilled workers from the south-east townships which are occupied mainly by coloured and African communities.

This is one of the first empirical analyses to raise a possibility of a spatial mismatch in the City's labour market. My underpinning hypothesis in this paper is that there exist a spatial mismatch in the city-region and that this mismatch can partly explain the high rates of unemployment for low-skilled workers in the south-east townships.

This dissertation is structured as follows: the Literature Review on spatial mismatch hypothesis (both international and with specific relevance to the South African context) is briefly reviewed; then follows the Methodology section; the Findings and Discussion sections, and Concluding Remarks.

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CHAPTER 2: LITERATURE REVIEW

2.1 International context:

The literature on business locationalisation is much too extensive to cite, notable examples over the year include Hoover (1948); Litchenberg (1960), and recently, Porter (1990). There is also a considerable overlap between the subject of business' choice of location and urban economics, theory, anecdotal evidence, and solid empirical work can be found in such works as Bairoch (1988), Jacobs (1969, 1984), and Henderson (1988). However, the problem of geographically concentrated and growing unemployment in urban areas in the US has been well documented (see for example, Kasarda, 1993; Massey and Denton, 1993; Wilson, 1996). In the US, there is well documented evidence that residential location in central cities, particularly in racially segregated areas of central cities where job growth has been sluggish, contributes to the low earnings and high unemployment rates of low-skilled blacks and, to a lesser extent, Latinos (Galster and Mikelson, 1995; Rosenbaum, 1995; Holzer and Ihlanfeldt, 1996; Mayer, 1996; Wilson, 1996; Fernandez, 1997).

It has been suggested, especially in the USA, that the suburbanization of industries and deconcentration of low-skilled jobs within metropolitan areas may be part of the cause of higher unemployment rates for low-skilled workers generally being found in their cores (Kain, 1968; Vipond, 1980, 1984; Holzer, 1991; Houston, 2001; Hughes, 1995; Ihlanfeldt and Sjoquist, 1989, 1990; Kasarda, 1990; McLafeerty and Preston, 1996; Thompson, 1997; Raphael, 1998; Thomas, 1998). Jobs, particularly low-skill ones, continue to move from central cities to suburbs where the majority of whites live (Ihlanfeldt and Sjoquist, 1989; Stoll, 1998), while housing market discrimination plays a large role in restricting blacks' residential location to racially segregated central city or inner-suburban areas (Massey and Denton, 1993; Yinger, 1995; Zubrinsky and Bobo, 1996). The extreme decentralization of low-skill jobs has important implications when viewed in relation to the spatial distribution of less-educated people. This spatial mismatch between the locations of jobs and blacks' residential locations raises their unemployment levels by creating an oversupply of minority workers relative to the number of jobs in these areas (Kain, 1968).

There are two main labour market explanations that have been used widely by both academics and planners are the "skills mismatch" and "spatial mismatch" hypothesis. The "skills mismatch" perspective argues that there is a mismatch between the skills of the unemployed and the skills

demand by employers (see for example Hawkins, 1987; Layard and Nickell, 1987; Budd *et al*, 1988; Oldham and Mayhew, 1996; Layard, 1997; Manacorda and Petrongolo, 1999). The spatial mismatch hypothesis, in the USA, argues that concentrations of unemployment in central-city areas exist, in part, because of the deconcentration of employment in the face of residential segregation which prevents the migration of central-city residents to areas of greater labour demand in the suburbs (Kain, 1968). The resultant unemployment in the central city, it is argued, occurs as a result of 'suburbanization' of economic activities.

Kain (1968), for example, demonstrated that this would disproportionately impact upon ethnic minority groups whose residences are disproportionately found in US central cities. In other words, there is a spatial mismatch between the residential location of the unemployed and the location of suitable jobs, and people face spatial frictions in accessing jobs within metropolitan areas. It is argued that more low-skill jobs are being created in suburban areas, to which low-skilled workers in the central city areas have less access, and about which they have less knowledge. In effect, Coulson, Laing and Wang (2001) took this argument further to maintain that the spatial mismatch hypothesis implies that there will be more vacancies for low-skilled workers in suburban areas, and that wages for low-skilled workers will be higher in suburbs than in central city areas. Thus, the mismatch between job openings and residents of low-skilled workers results in unemployment.

Thus, the spatial mismatch hypothesis introduced a structural explanation (namely, the local demand for labour) into the debate surrounding the causes of unemployment and racial inequality. That is, owing to the marked deconcentration of the low-skilled service-sector and manufacturing employment, the impact has been the greatest on the low-skilled and blue-collar residents of the central city (Kasarda, 1990; Houston, 2005). Although originally applied to the question of high unemployment among ethnic minority groups in the US in the 1960s, more recent work has shown that white people in manual occupations resident in US central cities face similar spatial barriers to employment (Ihlanfeldt and Sjoquist, 1989; Cooke and Shumway, 1991).

The general consensus emerging from the debates and discussions which have taken place in the US spatial mismatch hypothesis literature is that there are three main spatial barriers faced by residents of metropolitan cores in securing work located in metropolitan rings:

discrimination, commuting costs and access to information about job openings (see for instance Ihlanfeldt and Sjoquist, 1990; Coulson et al (2001). These three factors are now considered in turn. For instance, Ihlanfeldt and Sjoquist (1990) maintained that discrimination plays a pivotal role in explaining differences in unemployment rates between whites and black youth. Also, some commentators have cited evidence that racial discrimination of blue-collar black and Latino workers in suburban employment continues to limit their access to jobs (Turner, Fix, and Struyk, 1991; Fix and Struyk, 1993; Holzer, 1996).

Further, this discrimination has been shown to be more intense in suburban than in central city areas (Bendick, Jackson, and Reinoso, 1994; Turner, 1997). This greater employment discrimination against minority workers in suburban areas is suggested to limit the potential employment gains that these workers could achieve by having a suburban residential location. The argument is that if discrimination in predominantly white, job-rich suburban areas is more intense, blacks may choose not to seek jobs in these locations because they expect to find a racially hostile environment (Sjoquist, 1997). However, Coulson et al (2001) rejected this argument, citing lack of evidence that suburban firms are more discriminating than the central city ones. In the South African context, the recent work of Burger and Jafta (2006) shows that there is a 'shift away from pure discrimination'. Besides, any form of labour market discrimination in South Africa is illegal and unconstitutional, and there exist an affirmative action programme to promote access of non-white workers to the labour market. It is therefore unlikely that labour market discrimination is a major reason for high rates of unemployment in the south-east townships of Cape Town.

Secondly, there is also a large body of research suggesting that adequate public transport is a key factor in securing and maintaining employment for low-skilled workers (Ong, 1996, 2000; Blumenberg and Ong, 1998; Ong and Blumenberg, 1998; Holzer, 1998; Shen, 1998; Pugh, 1998; Katz and Allen, 1999; Danziger et al., 2000; Blumenberg, 2002; Cervero et al., 2002; Allard and Danziger, 2003). The disadvantages of relying on public transport for both job search and commuting, particularly for low-income workers, may include long commutes, limited service hours, costs, difficulties in making multiple stops on the way to or from work and safety issues, particularly after dark (Blumenberg and Ong, 2001; Bullard and Johnson, 1997; Hanson and Pratt, 1995). Hence, the performance of public transport services is one of the main factors determining the accessibility of low-income workers.

Also, some scholars have demonstrated that suburban firms are more distant from public transport stops than are central city firms. This suggests that low-skill job opportunities in such firms are even that much less accessible to inner-city workers (see for example, Holzer and Ihlanfeldt (1996). These conditions tend to encourage and force workers to use own private transport to work. Nevertheless, this is usually not an option for the vast majority of low-skilled workers from depressed neighbourhoods, who are more likely than their white counterparts not to own cars (Ong, 1996; Rice, 2002). In the USA, for instance, commuting to decentralised jobs is said not to be viable option for many residents of metropolitan cores who do not own cars. Holzer et al (1994) contend that the financial costs of commuting, whether in public transport fares or private vehicle fuel, is high in relation to the wage on offer, meaning that net earnings after commuting costs can be low.

Further, the time spent travelling can be considerable, particularly by public transport. Furthermore, reverse commuting (i.e. core to ring) is often poorly served by public transport (Johnston-Anumonwo, 1995). Compounding the problems of public transport accessibility is the fact that central-city residents have lower car ownership rates than suburban residents (Shen, 1998). Again, Coulson et al (2001) interpreted the evidence, particularly from USA, as not strongly supportive due to employers' provision of transport to their workers and low wage elasticities to transport costs. However, such arguments may not hold to cities in the developing countries such as South Africa which are characterized by lack of employer-sponsored workers' public transport systems, and an inefficient, unsafe and slow public transport system. In effect, the City of Cape Town, like many other cities in South Africa, is characterized by urban sprawl and poor public transport system. Thus, Lau and Chui's (2003) findings which suggest that compact city size coupled with good public transport system may limit the potential of spatial mismatch in labour markets may not be a solution to the Cape Town context.

Recruitment and job search may also present spatial barriers to employment. Some commentators maintain that the employers' recruitment practices are also an important factor in 'locking out' the unemployed from evolving employment opportunities (Adams *et al*, 2000). Conceptions of employability (see for example Kleinmann and West, 1998; Lindsay *et al*, 2003; McQuaid and Lindsay, 2005) recognise the role of employers and labour demand within definitions of employability. Also, the further a job vacancy is from home, the less likely an individual is to find out about it (Russo et al, 1996). A number of reasons have been suggested

for this. In the USA, for instance, Ihlanfeldt and Sjoquist (1990) found that spatial constraints on job searches which lead to weak information on job opportunities were responsible for between 33% and 54% of the differences between white and black employment rates in the Philadelphia area. Similarly, Stoll and Raphael (2000) found that spatial job search accounted for 40% of the differences between white and black employment rates in Los Angeles. Three reasons for this have been advanced

First, search costs increase with distance from home in terms of the time and cost of travel (Crampton, 1997; Martin and Morrison, 2002). Secondly, 'word-of-mouth' is an important source of labour market information for lower-skilled and blue-collar jobs (Wilson, 1987). Thirdly, from the employers' perspective, lower-skilled vacancies are often advertised locally—for example, on the factory gate, in local shop windows or through a local employment exchange (O'Regan and Quigley, 1998). Furthermore, employers may prefer locals because they are less likely to leave for a job elsewhere and are more likely to be punctual and able to work overtime at short notice (Russo et al, 1996). In addition, if faced with commuting constraints, a job seeker may turn down job offers which are more distant (Crampton, 1997). Linked to job search argument some researchers contend that social networks and contacts are the primary mechanisms through which employment information flows and that while blacks may be located farther from employment opportunities than whites; their principal disadvantage is their social rather than physical distance from employers (Cohn and Fossett, 1996; Granovetter, 1974).

Kasinitz and Rosenberg (1996) found evidence in a Brooklyn neighbourhood that blacks were unable to secure employment at a local manufacturing firm because of their social disconnect from networks within the firm. Residing in neighbourhoods with high unemployment rates is likely to further compound the problem of attaining quality social networks for blacks (Wilson, 1987, 1996). Further, to the extent that employers recruit locally through their employees or local newspapers (Neckerman and Kirschman, 1991), low-skilled workers from distant neighbourhoods are likely to be put at an even greater disadvantage in the labour market than their suburban counterparts. Research indicates that intermediary organizations (e.g. private placement agencies) have a positive impact on employment for black workers, while other methods such as using newspapers or walking in and applying for jobs either have little or negative impacts (Melendez and Falcon, 1997; Holzer, 1987).

As may be expected, results of work which tests the spatial mismatch hypothesis in the US remain mixed. Some studies claim considerable support for the hypothesis (for example, see Hughes, 1995; Ihlanfeldt and Sjoquist, 1989, 1990; Kasarda, 1990; McLafeerty and Preston, 1996; Thompson, 1997; Raphael, 1998) while others claim that the location of jobs has no influence on the employment outcomes of central-city residents (for example, see Gordon et al. 1989; Zhang, 1998).

2.2 Local context:

While the spatial mismatch hypothesis has been used extensively in the USA to explain differences in labour market outcomes in its metropolitan areas, it has not been used much in cities of developing countries such as Cape Town. In effect, the potential spatial mismatch between jobs and residents of low-skilled workers in Cape Town is of opposite nature than that reported in USA cities. While in the USA the residences of black population are located in deteriorating city core (see for example, Allard and Danziger, 2003; Bain et al., 1999; Lacombe, 1998; Pawasarat and Stetzer, 1998; Pugh, 1998; Rich, 1999; Sawicki and Moody, 2000), the apartheid in South Africa had kept the residences of blacks away from the city centre where more economic activities were traditionally located (Lemon, 1991; Akerlof, 1997).

In other words, the pattern of an apartheid City of Cape Town was that while the vast majority of white population lived in the residential areas closer to CBDs and closer to economic activities, the vast majority of relatively low-skilled African and coloured population lived in areas that were removed from the CBDs. This historical segregation associated with the apartheid system can be called 'involuntary', as individuals and families were forced to live in particular locations against their will. Later day segregation (Turok, 2001) in the City of Cape Town may appear to be 'voluntary', that is, where individuals and families, out of their own initiatives, conglomerate together with others of similar class characteristics in the distressed south-east townships. According to the earlier work of Cross and Bekker (1999), "the coloured, white and black populations appear to move in different areas for the most part ... the black and coloured populations are effectively unable to move up to a position of advantage in regard to housing and physical position ... mobility was highest for the white population, for whom the market works effectively and who are able to move up to higher standards of housing as they move on."

It is my opinion though that the class-based segregation in the City of Cape Town is actually 'involuntary', as people are forced into particular location because of the underlying socio-economic factors, which are sometimes structural. In effect, the forceful removal of both the coloured and African communities, respectively, from District Six to Mitchell's Plain and Ndabeni to Khayelitsha resulted in a situation where both these racial groups living on the edges of the City. In essence, the challenge in the city of Cape Town is not only that jobs have moved out of the city centre, but that African and coloured workers were forcibly removed from areas closer to economic opportunities. This opposite nature of residential patterns in South Africa in general and in Cape Town in particular suggest that suburbanization of economic activities (employment) would have brought vacancies closer to the African and coloured low-skilled workers and reduce spatial mismatches. That is, the lack of suburbanization in the city would be evidence of spatial mismatch. And most importantly, this suggests that low-skilled workers in the city-region live far from employment opportunities, even if these employment opportunities were located in the city centre.

This kind of twofold segregation is also found in a number of European cities, where high-income residents reside near the centre and lower income workers live on the outskirts of the city (see for example Brueckner et al., 1999). Also, while in the USA car-ownership is a necessity for access to suburban employment even for low-skilled workers, the City of Cape Town has a state subsidized public transport system to ferry such workers to both the central city and suburban jobs. That is, whereas a large proportion of the low-income workers in Cape Town are captive to public transport to reach their employment, in European and US cities a high percentage of the low-income workers drive private cars to jobs (Mallett, 1999). This suggests that low-income workers in the City of Cape Town have to endure a public transport system which is not only inefficient, unsafe and slow but most of the time it is unreliable.

Also, the main production in the USA cities has shifted from manufacturing industries to service industries and there is flight of industries from CBDs to suburbs. Such structural changes in the US cities, for example, have led to spatial mismatch of jobs and housing precisely because the manufacturing industries in the city centre have declined and have relocated to small towns or peripheral settlements, while public transport services have not kept pace. Consequently, low-income workers in inner cities could not easily reach jobs that match their skills levels because

of the wide gap between suburban jobs and available public transport services (see for example, Kain, 1968; Sanchez, 1999; Shen, 2000; Wachs and Taylor, 1998).

The city of Cape Town faces a similar observable fact found in USA cities, that is, there is an increasing geographical and structural complexity of economy, which is characterized by suburbanization of economic activity from the CBD to the car-oriented wealthy southern and northern suburbs. I therefore hypothesize that this flight of jobs from the central city which is relatively accessible by subsidized public transport culminates in a spatial challenge for the vast majority of low-skilled workers from the poor south-east townships. Ironically, Havemann and Kearney (2006) infers that the probability of finding employment in the City of Cape Town is high, citing reasons associated with the quality of infrastructure, urbanizations and access to the market. These authors further argued that as the level of urbanizations increases, the chances of securing a job are higher and the chances of being discouraged are lower. They claimed that such trends are normally in response to the level of economic activity and the nature of industries in the area. That is, the City's economic activity is diversified and accommodates variable skills profiles, and labour-absorptive sectors such as manufacturing and wholesale & retail trade account for a large proportion of the region's economy.

Whether the spatial mismatch hypothesis is valid has important policy implications. For instance, it bears upon the need for or desirability of policies designed to reconcentrate low-skill jobs within locations where there is a large concentration of low-skilled workers and housing and transportation policies that attempt to open up growing suburban labour market areas to low-skilled workers. That is, given the persistent urbanization it may be a pertinent issue to investigate as it has implications for urban planning, public infrastructure investment and the management of the urbanization process. Some of the policies that are usually suggested and put in place to counter what has been interpreted as pure spatial mismatch include inter alia the "Moving to Opportunity" (Katz et al., 2001), "Wheels to Work" - a program intended to increase access of low-income workers to cars (Goldberg, 2001), and enterprise zones (Peters and Fisher, 2002). However, such policies and programs have proved to be relatively ineffective at increasing access to suburban employment for low-skilled workers in the US.

Thus, the central aim of this dissertation is to develop further understanding of the demand side of the labour market to inform discussion and debates surrounding the role of employers in

aggravating unemployment in the poor areas of the south-east townships through their choice of business location and their human resource practices. This dissertation draws on the interview reports by employers regarding their choices of business locations and their current human resource practices as a means of investigating their role in the poor south-east township labour market where relatively high unemployment and recruitment difficulties co-exist. Further, this dissertation draws on qualitative research to explore key demand side processes at play in the form of employer practices associated with recruitment. I suggest that employer practices can (often) inadvertently exacerbate the local situation. This outcome of this research suggests that the reasons for high rate of unemployment in the south-east townships are not simply to be found in spatial characteristics but rather that the recruitment processes of employers have a key role to play.

This dissertation therefore intends to contribute towards the spatial mismatch hypothesis debate by providing empirical evidence as to why firms choose to relocate further away from the south east suburb where there is a large supply of labour. This will be achieved by first examining the most recent spatial distribution patterns of private investments in the Greater Cape Town. At face value, the analysis suggests that the co-existence of high levels of unemployment and recruitment problems is simply a consequence of a mismatch between the skills supplied by members of the local area and the skills demanded by local employers. Second, a critical analysis of the city's public transport system will be embarked upon, including references to the recent transport surveys that have been conducted. Thirdly, I will look at the current strategies that low-income workers are following to bring themselves closer to nodes of employment. This will then be followed by an analysis of data collected through interviews with firm manager /employers on choices of localization in order to understand as to why firms choose to relocate further away from the south east where there is a large supply of labour. This question is particularly crucial in light of the claim by Hardoy and Satterthwaite (1986: 352) that one of the factors that influence industries and service enterprises to establish themselves or invest in urban centres which are located in disadvantaged areas is cheaper labour.

CHAPTER 3: EVIDENCE OF SUBURBANIZATION IN CAPE TOWN

It should be noted that comprehensive information on the changing patterns of employment and trends suburbanization of firms with the city of Cape Town is presently not being monitored on an on-going basis, hence is not available. Data and insights used in this dissertation are drawn upon from the city of Cape Town's Metropolitan Spatial Planning report which is based on the data prepared by Wesgro (2007). While, Wesgro believes that this data is generally representative of broader investment patterns, it is possible that Wesgro's sectorial priorities may have resulted in distortions. However, it does give us the necessary snapshot of recent trends and informative. This report looks at investment patterns in Cape Town with a special focus on the spatial location of investments. The data analyzed consists of 92 records and covers the period 2004 until August 2007. While the Wesgro data is provincial, this report only examines investments within the City of Cape Town municipal area. However, as the City is a funder of Wesgro, it is of interest to note that 82% of Wesgro facilitated investments are located within the City.

Table¹ below shows the spatial distribution of private-sector investment and estimated employment, and it is evident from this table that while there have been aggressive investments in particular economic centres, others have been remarkably sidestepped. For instance, areas located in southern suburbs such as Claremont, those in the central city (Cape Town CBD and V&A Waterfront), and those in the northern suburbs (Bellville, Milnerton, Montague Gardens, Century City, Atlantis) have received the biggest chunk of investment. While there have been some notable investments in other suburbs, including Epping, Wynberg, Strand, etc., it is however clear from this data that suburbs located in the proximity of the south-east townships (see for example, Khayelitsha and Airport Industria) have been largely bypassed by major private investment.

Thus, the data on this table suggests that a number of firms have been aggressively locating or expanding their investments mainly in the southern and northern suburbs than to the poor south-east townships. This evidence shows that while the vast majority of low-skilled workers live on the periphery of the city and not in the city centre like their counterparts in the USA, suburbanization of firms and employment from the city centre has not benefited them. This is precisely because these firms are locating to the car-oriented distant suburbs which are further away from the south-east townships (Turok, 2001).

Table 1: Investment & estimated employment totals by suburb

Suburb	Sum of Value (R mil)	% Value	Sum of employ	% Employ	Count
Uncertain	1,975	34.0%	1,459	18.0%	16
V&A Waterfront	R 657	11.3%	259	3.2%	3
Cape Town CBD	R 582	10.0%	751	9.2%	18
Claremont	R 500	8.6%	1,250	15.4%	2
Milnerton	R 345	5.9%	396	4.9%	3
Bellville	R 340	5.8%	822	10.1%	6
Montague Gardens	R 287	4.9%	306	3.8%	1
Century City	R 100	1.7%	600	7.4%	1
Epping	R 51	0.9%	305	3.8%	2
Killarney Gardens	R 62	1.1%	120	1.5%	1
Airport Industria	R 90	1.6%	30	0.4%	1
Atlantis	R 46	0.8%	355	4.4%	4
Wynberg	R 40	0.7%	250	3.1%	1
Parow	R 33	0.6%	79	1.0%	3
Killarney Gardens	R 15	0.3%	60	0.7%	2
Khayelitsha	R 7	0.1%	32	0.4%	2
Paarden Island	R 1	0.0%	30	0.4%	2
Somerset West	R 405	7.0%	612	7.5%	3

Source: WESGRO, 2007

Diagram¹ below shows the spatial distribution of past investments by each suburb. It is important to note this diagram is heavily influence by just three very high value investments all from high value sub-sectors, and these are:

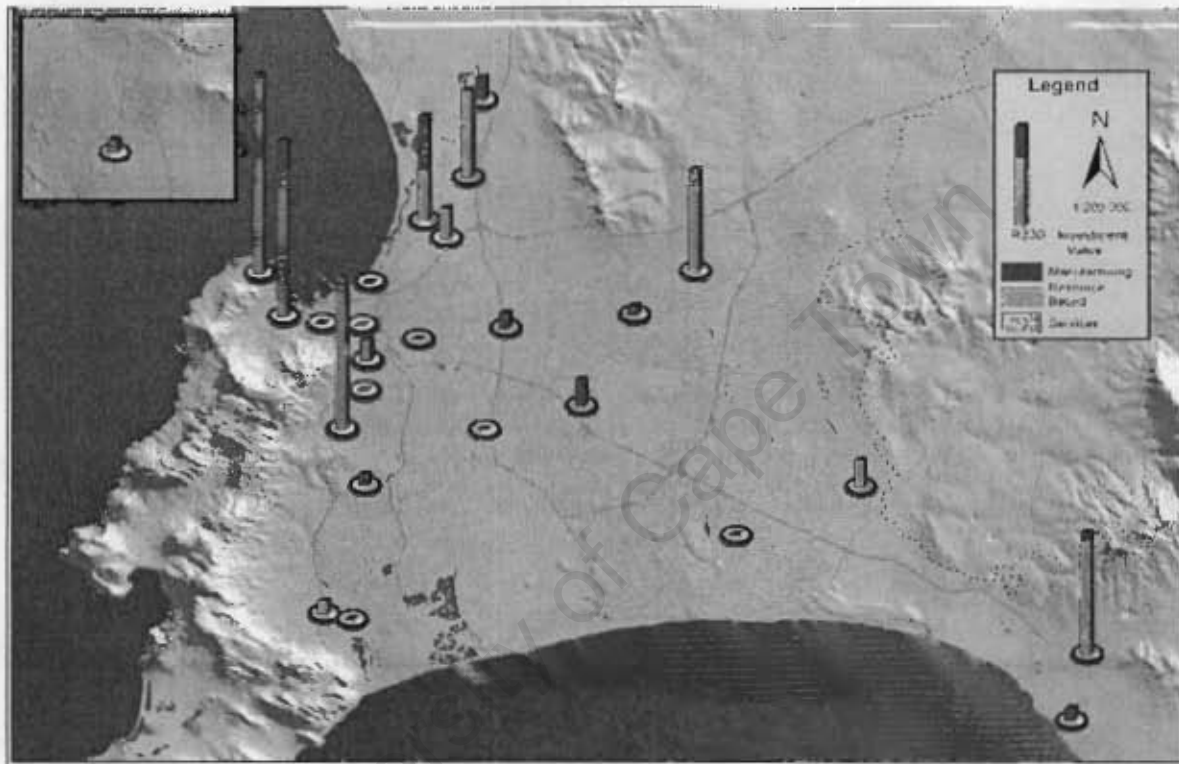
Tourism Accommodation: V&A Waterfront (R636 mil)

Property development & Construction: Somerset West (R350 mil)

Property development & Construction: Claremont (R300 mil)

It is important to note that if the three investments are excluded [i.e. tourism & accommodation in V&A Waterfront (R636 mil); property development & construction in Somerset West (R350 mil), and property development & construction in Somerset West (R350 mil) the Cape Town CBD area would dominate with 12.9 % of all investment value derived from a large number of diverse investments. Also see Table² below.

Diagram¹: Investment Value Totals by Suburb (Past Investments)



Source: WESGRO, 2007

Table²: Investment Values per suburb

Suburb	Sum of Value R mil	Sum of Value R mil (3 investments excluded)
Uncertain location	R1, 975	R1, 975
Cape Town CBD	R582	R582
Bellville	R340	R340
Montague Gardens	R287	R287
Bellville	R135	R135
Century City	R100	R100
Airport Industria	R90	R90
V&A Waterfront	R657	R21
Somerset west	R405	R55
Claremont	R500	R200

Source: WESGRO, 2007

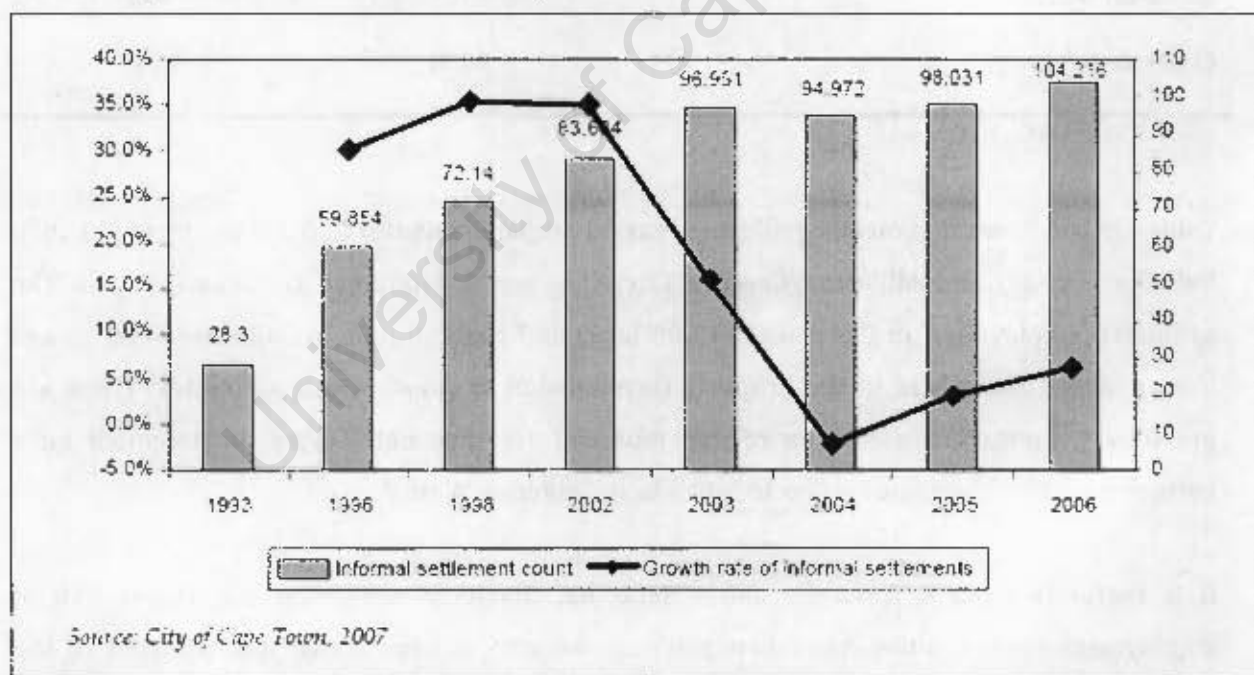
Table² above shows that most significant areas for employment are: CBD / Waterfront (14.2%); Bellville (10.7%) and Millerton/Century City/Killarney & Montague Gardens (19.1%). The estimated employment in Claremont (1,000 jobs) and the 500 jobs in Somerset West comes from a single investment in the Property Development & Construction sub-sector. These are probably temporary construction related jobs and are thus not located in Claremont on a permanent basis. The same applies to 500 jobs in Somerset West.

It is therefore evident from the above data that the most significant suburbanization of employment opportunities has taken place in the city of Cape Town has occurred in the southern and northern suburbs, and that the south-east township areas have been largely sidestepped (Turok, 2001; Rospabe and Selod, 2003).

CHAPTER 4: PATTERNS OF HOUSING DELIVERY IN THE CITY OF CAPE TOWN

On the eve of democratic rule, the historically disadvantaged people were free to settle anywhere in the country when the Group Areas Act was scrapped, resulting in an increasing in-migration of people from other provinces to Cape Town. The Migration Study commissioned by the Department of Environmental Affairs and Development Planning (2002) indicated that: "The Western Cape is currently a net population-receiving province in South Africa. It is estimated that on balance some 48 000 migrants enter the province each year. This represents an increase due to in-migration of more than one % of the total population." Indeed, there has been continuous increase in the rate of growth of informal settlements from 1993 to 1998 but since 2003 the growth trend slowed down substantially and remains below double-digit levels of growth. Informal settlements grew by 15, 9 % in 2003 falling to 6, 3 % in 2006. This is evident in Table³ below. The growth in informal settlements is influenced among other things by changing settlement patterns, industrialization, urbanization and availability of land.

Table³: Cape Town Informal Settlements, 2007



However, a closer look to the location of the settlement patterns within the City confirms the economic theory, which states that informal settlements follow economic growth and industrialization. For instance, the Blackheath Industria, which is strategically located between Brackenfell, Kuils River and Stellenbosch, is a key industrial hub that already hosts inter alia

manufacturing giants such as Allens Meshco, Cape Concrete, Continental China and Columbia DBL. This area does not only create jobs for the informal settlements such as Happy Valley - where the unemployment rate is close to 40%, but is also a prime job creation area for other irregular settlements such as Mfuleni, and Blue Downs.

Further the informal settlements such as Nyanga Barcelona lend credence to the same theory above. They are scattered around the main industrial areas in close proximity to the N2 near the airport and Du Noon - much closer to Montague Gardens. This is consistent with the World Bank (2001) findings that some of the very poor (unemployed and unskilled workers), may be forced to live in urban slums and to accept very precarious conditions to be able to get access to work. Therefore, the housing problem in Cape Town can be seen in the context of historical backlogs where the rollout of affordable housing has not grown in line with the growth in the housing need. Further, the continued location of the poor away from jobs and commercial activity through the "upgrade" of pre-1990 informal settlements continues the apartheid planning while professing the opposite.

It has been established that the employment growth and the proportion of the black population in the central areas have been the highest and in Cape Town where employment growth has been fastest outside the central-city area (and where suburbanization of jobs and population has taken place). This finding is consistent with the remark of Christopher (2005) that 'it is in the former white group areas that most of the developments leading to integration are taking place'. These results, suggestive of residential desegregation, are consistent with other results in the recent literature. For instance, Prinsloo and Cloete (2002) maintain that desegregation has been significant and continues apace, with a new emerging black middle-class moving into former exclusively white residential areas. Also, some commentators (see for example Saphire, cited in Beall et al. 2002) argue that since the demise of apartheid all three large South African cities (including Cape Town) have witnessed growing numbers of informal settlements on vacant land within the city and along the boundaries of townships and in peri-urban areas

What seems to be generally accepted by these and other researchers is that segregation in the city of Cape Town is predominantly a class and not a racial issue anymore, and that it is largely due to residential and commuting immobility of the black population (see for example Turok, 2001).

That is, desegregation in the city of Cape Town is being driven by the socioeconomic status of the household, in particular, whether a household could afford a particular level of housing, and not any explicit integration programmes or initiatives of the government (Prinsloo and Cloete, 2002; Turok, 2001). This might also partly explain why Kingdon and Knight (2004a) found blacks with higher levels of homeownership to be less unemployed – the significant unobserved component perhaps being the quality of the housing in terms of its spatial location. Therefore, it can be concluded that there has been a decrease in segregation in the city of Cape Town, that the largest decline is taking place in the former white group areas, which could suggest that the formerly spatially excluded black population, both those with higher incomes (and higher skills) and those with low-incomes (and lower skills, are moving into or closer to former white areas, which are also closer to economic activities.

CHAPTER 5: RESEARCH METHODOLOGY

In my methodological approach to the question of locational choices of firms and labour market spatial mismatch hypothesis, I am interested in the following main questions: why do firms choose to locate their businesses in decentralized locations which mainly in the southern and northern suburbs, far away from a large pool of low-skilled workers who reside in the excluded ghettos of the south-east townships? What consequences does such suburbanization of firms and jobs have for the low-skilled and semi-skilled manual workers from the south-east townships, that is, does such decentralization present a spatial challenge for such workers? Do firms which are located in the affluent southern and northern suburbs of Westlake Business Park, Montague Gardens and Killarney Gardens employ low-skilled and semi-skilled workers from the south-east townships? Have the workers who have accepted offers of employment in the above suburbs found ways of getting to work? I sought to formulate a description and understanding of employers' decisions to locate at certain industrial location and not to others, based on face-to-face discussions with them. Also, I wanted to find out from the employers themselves whether they do employ low-skilled and semi-skilled workers from the south-east townships instead of making assumptions (Babbie and Mouton, 2001) In other words, I wanted to gain perspectives on this topic from different levels so that connections on in-depth interviews conducted could be made (Somekh and Lewin, 2005).

An obvious and direct method of investigating the locational behaviour of firms is through conducting a research on those responsible for making locational decisions for firms, that is, employers. I was conscious of the fact that such researches are no infallible guide, since there is a tendency to rationalize location behaviour after the event, both by leaning towards 'expected answers' and by discounting factors that might be regarded as 'irrational'. Even so, it is still possible to at least indicate those factors that weigh most heavily in the location decision and a comparison of some recent research results available in international literature. In gathering data, I used in-depth interviewing techniques with senior employer representatives.

A method of study used in this research is a grounded theory study using in-depth interviewing. This is qualitative method which has as a goal the development of theoretical accounts on the basis of a close, inductive engagement with the context of study. It is most accurately described as a research method in which the theory is developed from the data, rather than the other way

around. That is, the development or discovery of knowledge neither is nor derived from previous assumptions or theoretical speculations (Strauss and Corbin, 1990).

That makes this approach inductive in that it moves from the specific to the more general. One of the primary advantages of using this study method is that the resulting theory at least fits one dataset perfectly compared to a theory derived deductively from grand theory, without the help of data, and which could therefore turn out to fit no data at all. That is, the use of this method in this research allowed us to take a case rather than variable perspective, and as such, cases similar on many variables but with different outcomes was compared to see where the key causal differences may lie. This means that cases that have the same outcome were examined to see which conditions they all had in common, thereby revealing necessary causes. In other words, I used categories drawn from respondents themselves and focused on making implicit belief systems explicit.

In applying grounded theory in this study, I consciously combined the collection of data and its analysis. This is not unusual in that, in qualitative research, data collection and analysis are often not seen as two distinct phases, but may occur simultaneously. I used the initial data analysis from my earlier interviews and the results were used to shape subsequent data collection processes. This provided us with opportunities to increase the "density" and "saturation" of recurring categories, as well as to assist in providing follow-up procedures in regards to unanticipated results. Such interlacing of data collection and analysis in this manner also increased my insights and clarified the parameters of the emerging theory. Further, this method supported the actions of initial data collection and preliminary analyses before attempting to incorporate previous research literature. This is ensured that the analysis was based on the data and that pre-existing constructs did not influence the analysis and the subsequent formation of the theory.

My interviews were conducted with a single person and in private, and this helped to assure that my respondents spoke directly from their vessels of answers, not in response to the presence of others. While the questions were unstructured and open-ended, however, the researcher had a guide or outline that they used to ensure that they are grounded on issues relating to the research question. Also, the outline enabled me as a researcher to elicit deeper responses from respondents through probing, a technique embedded in qualitative methods. This was possible because the questions used were open-ended in their nature, thus allowed the

researchers to sufficiently “fish” the necessary information that was used later for analytical purposes. In effect, the use of in-depth interviewing proved appropriate and beneficial to the study in many respects compared to other forms of surveying techniques. In effect, this technique allowed the researchers to “go beyond the presumed surface level of respondents’ feelings, and into deeper layers of their consciousness” (Babbie and Mouton, 2001; Corbetta, P, 2003).

Also, though the use of unstructured and open-ended question allowed flexibility on my part to source data from respondents, I have no trouble acknowledging that interviewees sometimes respond to interviews through the use of familiar narrative constructs, rather than by providing meaningful insights into their subjective view. Michael Patton maintains that ‘the purpose of qualitative interviewing is to understand how the subjects studied see the world, to learn their terminology and judgments, and to capture the complexities of their individual perceptions and experiences. ...The fundamental principle of qualitative interviewing is to provide a framework within which individuals can express their own understanding in their own terms’ (Patton, 1990; original italics). Further, Danzin (1991) notes that “the subject is more than can be contained in a text and a text is only a reproduction of what the subject has told us.

What the subject tells us is itself something that has been shaped by prior cultural understandings. Most important, language, which is my window into the subject’s world (and my world), plays tricks. It displaces the very thing it is supposed to represent, so that what is always given is a trace of other things, not the thing – lived experience – itself.” Therefore, the use of unstructured in-depth interviewing gave me more freedom to direct the flow of the conversation, in particular, provided a multi-perspective understanding of the research question (Babbie, 1999). In addition, I applied some principles of observation in my collection and analysis of data. In other words, I took additional notes on what I observed in the workplace as well as in the employer premises and its surroundings. I was conscious of Adler and Adler’s (1994) advice that one of the hallmarks of observation is the need for non-intrusiveness. However, the use of this method allowed us to further formulate and asked questions which were more useful in my understanding.

Thirty three in-depth interviews were conducted for this study, and these include some that were conducted from other research project which investigated a related phenomenon, that is, ‘Labour market skills and spatial mismatch in Cape Town’, in 2006. The main reason the I was

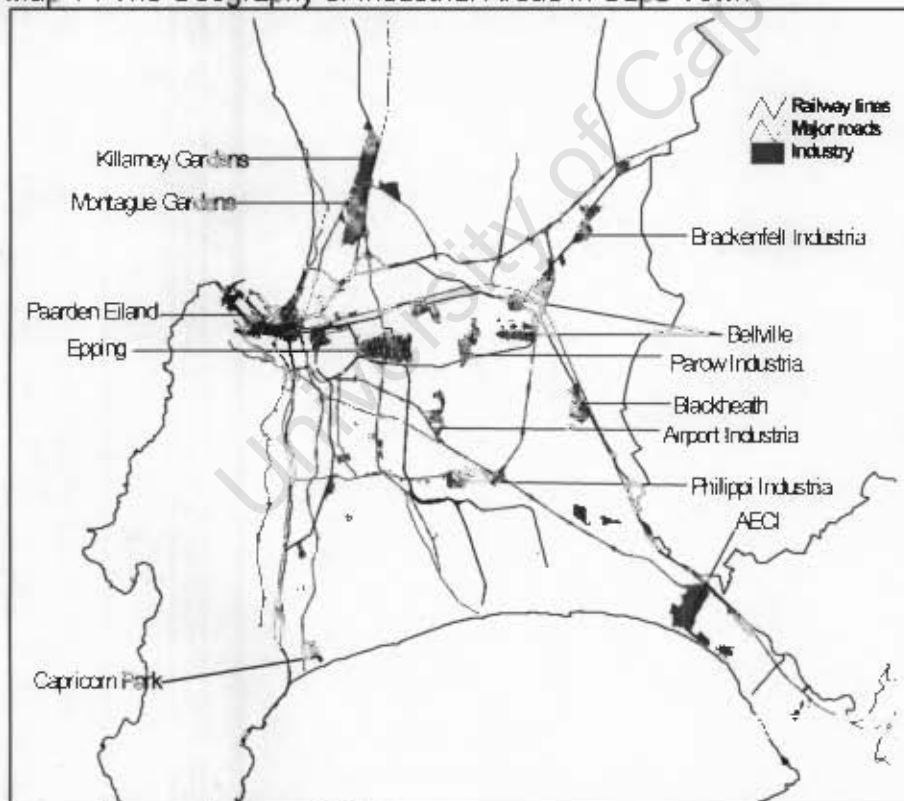
comfortable using this size of the sample is that they intentionally employed a purposive sampling strategy, which is appropriate for qualitative research. If you are using purposive sampling strategy then whether or not the sample is big enough to be statistically representative of the total population is not the researcher's concern. The logic of purposive sampling is that a researcher selects units which will enable him to make meaningful comparisons in relation to his research question, his theory and the type of explanation he wishes to develop. Besides, sampling in the interpretive paradigm is often purposeful and directed at certain inclusive criteria, rather than random (Amir, 2004). In fact, this is not unusual, sampling in studies where qualitative methods are used, are almost always by means of a purposive sampling.

I was also concerned about the dependability of their measurement instrument, that is, the extent to which the instrument would yield the same results on repeated trials. Kirk and Miller (1986) define reliability as 'the degree to which the finding is independent of accidental circumstances of the research.' To achieve this I used transcripts which meant I could access and study my data again and again, and also, consequentially, others could look at what I had studied and make of it what they could, if, for example, they wanted to be able to disagree with me. As Silverman (1993) points out, checking the reliability is closely related to assuring the quality of field notes and guaranteeing the public access of their production (see also Hammersly and Atkinson, 1983). The intrinsic strength in terms of accuracy was further enhanced by the fact that I had more than one scribe on each in-depth interview conducted, and once a transcript has been processed, each data collector was asked to fill in gaps on the prepared transcripts using their own notes. Thus the potential loss of data was prevented through this data collective arrangement.

I continually looked for discrepant evidence to the hypothesis that they were developing in the course of the study as a means of generating a rich and credible account. Further, my respondents were firm owners or managerial staff members who are more likely to have been involved or have knowledge about matters surrounding business locational decisions and workers. In addition, the validity of my work was further enhanced by the fact that semi-structured interviewing techniques were used in the collection of data.

Seven industrial areas were purposively selected and a non-probability sampling technique was used. As shown in Map¹ below, these seven industrial areas are Blackheath, Airport, Epping, Paarden Eiland, Montague Gardens, Killarney Gardens and Westlake Business Park. The primary reason for the selection of these industrial and business parks was due to their strategic locations: while some are uniquely situated on cheap public transport routes (for all modes of transport) and relatively accessible to low-skilled workers from the south-east townships, others are situated in areas that force these workers to endure long commutes and take several transfers on their way to work. Also, my assumption was that business parks attract mainly service firms while industrial estates draw manufacturing business. This balance is crucial in making the necessary comparison and draw logical conclusions in terms of why firms choose particular business locations and not areas located in south-east townships, and when their location in the affluent suburbs creates a special challenge for low-skilled workers from the south-east townships.

Map 1 : The Geography of Industrial Areas in Cape Town



Source: Graham (2007)

Although I initially intended to conduct my in-depth interviews only in firms involved in manufacturing with my logic being that only such firms have a potential to employ a large

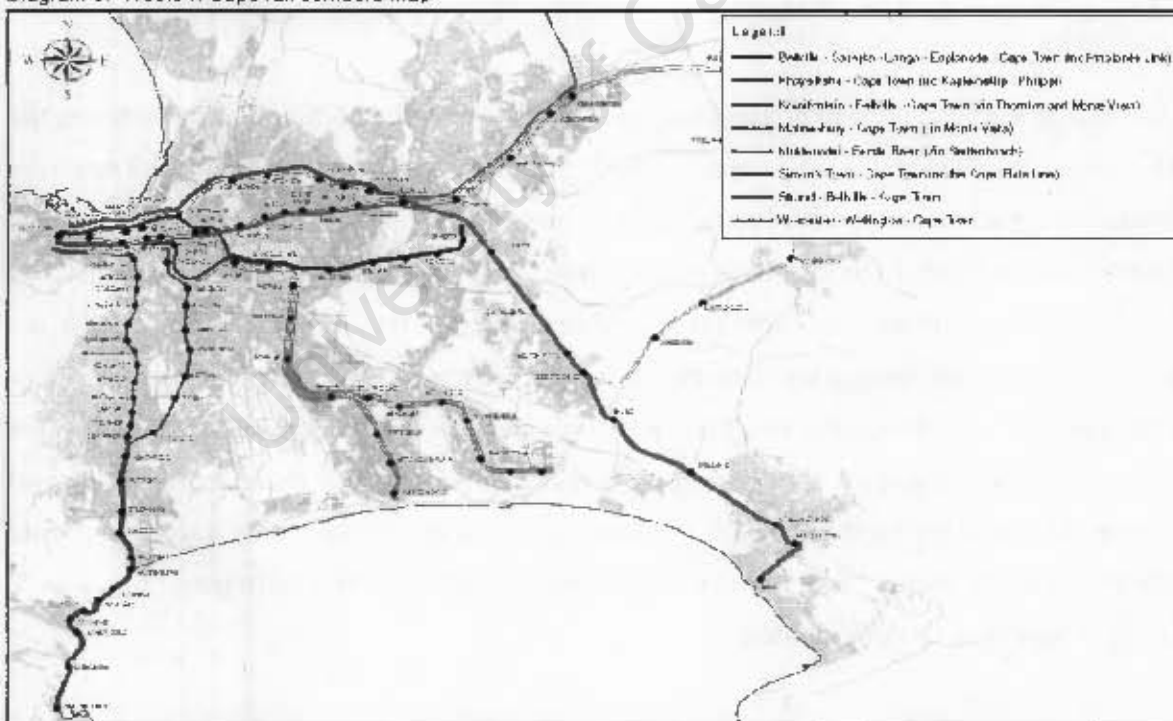
number of low-skilled workers, I ended up interviewing service sector industries too though they had limited numbers of low-skilled workers compared to manufacturing ones. All my in-depth interviews were conducted in English. The utilization of empirical evidence gathered from field work provides a deeper insight into, and a more complete understanding of, the complex dynamics of businesses localization choices and impact that those choices have on the low-skilled workers from the south-east townships in terms of their access to employment in the affluent suburbs.

This report takes the form of a synthesis of literature review, examination of policy documents, analysis of qualitative data from in-depth and references to other relevant research reports. The latter include inter alia the Western Cape Provincial Economic Review and Outlook (2007), Western Cape Provincial Government Socio Economic Profile: City of Cape Town (2007), Wesgro Report (2007), National Household Travel Survey (2003), *Siyahamba* National Travel Survey (2007), and Technical Report of the Cape Town's Metropolitan Spatial Development Framework (1996).

CHAPTER 6: PUBLIC TRANSPORT SYSTEM IN CAPE TOWN

In the city of Cape Town public transportation is provided by means of rail, bus, and minibus-taxi and metered-taxi service. Rail and bus are scheduled services operated by single operators, which are Metrorail and Golden Arrow Bus Services, respectively. Minibus and metered-taxi services are unscheduled and unregulated services that are provided by a number of operators. The rail provides the most capacity and has the largest market share in terms of passengers per kilometre, particularly because it has a comprehensive rail network service. Improved efficiency and the safety of the trains have the potential to lessen the strain on the road network. Metrorail is currently operating in the following corridors: Khayelitsha to Cape Town corridor (including the Kapteinsklop line); Kraaifontein to Bellville to Cape Town corridor (via Thornton and Monte Vista); Simonstown to Cape Town corridor (including the Cape Flats line); Bellville to Sarepta to Langa to Cape Town corridor (including the Pinelands link); Worcester to Wellington to Cape Town corridor; Muldersvlei to Eersterivier Corridor (via Stellenbosch); Strand to Bellville to Cape Town; and Malmesbury to Cape Town (See Diagram 3 below).

Diagram 3: Western Cape rail corridors map



Source: South African Rail Commuter Corporation / Metrorail

The results of the National Department of Transport's *Siyahamba National Travel Survey* show for the previous seven days at the time the survey was taken, minibus- taxis was the most

popular mode of transport, followed by trains and buses. Approximately 50% of the adults in the Western Cape use a taxi at least once a month. In Cape Town adults older than 15 years mostly used taxis (49,6%), trains (22,5%) and buses (13%). More than 1, 1 million people use taxis and 498 000 use trains. This shows that aggressive investment in public transport systems is needed to support of the high demand for such services in Cape Town, and that the poorest households are most likely to rely on taxis which are un-subsidized and are the most expensive form of public transport for high volume routes.

While the rail provides the most capacity and has the largest market share in terms of passengers per kilometre due to its comprehensive rail network service, it has its limitations in terms of access. For instance, whereas the South African National Household Travel Survey (2003) shows that the extent of train accessibility is highest in the Western Cape and Gauteng, in both of these provinces, just over 20 % of households can access a train station within a 15 minute walk. The similar survey indicates that 50 % of the Western Cape households are living within 15 minutes of a bus stop. However, the fact that a household has access to a bus stop, does not imply anything about the frequency of bus services or that the buses passing the stop may be travelling to the desired destination.

For the RSA as a whole, 74 % of households can reach a taxi within 15 minutes. Considering the good access to minibus-taxi services revealed by the figure, it is obvious why minibus-taxis have advantages over all other transport modes, why it remains the most popular mode of transport in the city of Cape Town. In terms of the walking times to all public transport modes reported by the above survey, for those who claim they could reach a train station, was 29 minutes; for the road-based modes, the average walking time is far less, averaging at around 12 minutes for both bus stops and minibus-taxi services. The other striking evidence from *Siyahamba* survey is that all the above public transport challenges are further compounded by the extent of the travel time to work. One of the most important service-related reasons for not using train is that train routes do not serve respondents' particular destination needs, and that train travel times were generally longer than by other modes.

This is a worrying evidence especially in light of the report by the City of Cape Town Draft Public Transport Plan (2006) that, on any given day 1.13 million public passenger trips are made into the Cape Town CBD: 53 % by rail, 29 % by minibus taxi and 18 % by bus and that

during the morning peak period of 06:00 to 09:00, 48 % of all trips are by public transport and 52 % by private car, highlights the limitations of the city's public transport infrastructure.

The *Apartheid's* historical land-use patterns, with public transport infrastructure development only linking the south- east township areas and the central business district, have left public transportation systems denser in the central city but unable to serve the now emerging suburban nodes of employment growth directly from the south-east townships. This suggests that public transport links within the metropolitan area were not designed to serve the south-east township workers seeking suburban employment. In fact, such commuters on public transport systems must often make two or three time-consuming transfers to get to outlying suburban employment centres (Hughes, 1995).

In addition, congestion and or distance to work also pose a great challenge. This is highlighted by the preliminary results of the National Department of Transport's National Travel Survey, *Siyahamba*, which show that the average travel time to work in the Western Cape is relatively high: 37 minutes in the province and 43 minutes in Cape Town. This compares to 38 minutes for South Africa as a whole. These results are consistent with international literature which maintains that that commuting times by public mode of transport are considerably longer than by private modes of travel (Taylor and Ong, 1995). Most importantly, the use of public transportation to get to work not only increases the burden of the commute as a result of increased commuting time and costs, but also renders some jobs completely inaccessible because of spatial variation in firms' distances to public transportation stops.

Further, the *Siyahamba Survey* shows that approximately 29 % of City's households spend more than R201 per month on public transport, and that the three main public transport-related problems cited by households were: unavailability/long distance (39,6%); crime (20,8%); and safety/driver behaviour (32,6%). This suggests that public transport is failing those who rely on it the most, namely poor households. Further, the challenges created by congestion and distance to work by the high percentage of disposable income which households have to spend of public transport (See Table⁴ below). The latter table shows that of households earning R500 or less, almost 50 % spend more than 20 % of their household income on public transport. Below a certain income threshold, residents resort to walking.

At the other end of the scale, almost 70 % of households earning in excess of R6 000 per month spend nothing on public transport. This shows that a high percentage of low-income people spend a significant amount of their income on transport. These results are consistent with those of the Western Cape provincial treasury report which says that almost 36 % of commuters spend more than 10 % of their income on commuting to work, 21 % spend between 6 % and 10 %, and 43 % spend less than 5 % (see Table⁴). Up to 8.5 % of discouraged work-seekers cite lack of transport money or lack of transport as a main reason for not looking for work (WCPER&O, 2007). Certainly, a situation in which more than 10% of households spend over 15% of household incomes on work journeys can be regarded as discriminatory.

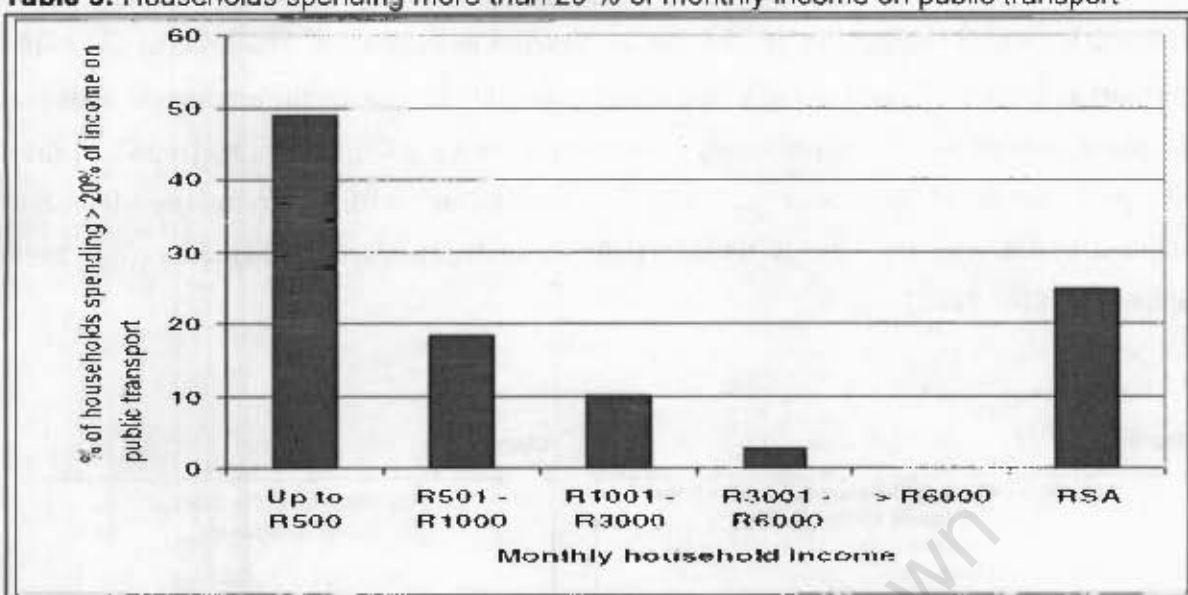
The dramatic effect of the relative cost of transport on low income groups in respect of the proportion of household income consumed on travel is well demonstrated in Table⁵ below. The latter table shows that, for the RSA as a whole, 18 % of households spend 20 % or more per month on transport. The range is between 49 % for those earning less than R500 per month and none for those earning R6 001 or more. In light of the above, it is not surprising that up to 85 % of discouraged work-seekers in the Western Cape province (68 % of which live in Cape Town Metropolitan area) cite lack of transport money or lack of transport as a main reason for not looking for work (WCPER&O, 2007).

Table⁴: Percentage of monthly household income spent on public transport

Monthly household income	Percentage of households				
	0%	1 - 5%	6 - 10%	11 - 20%	> 20%
Up to R500	20.8	0.0	24.5	5.8	49.0
R501 - R1000	14.1	33.5	20.9	13.2	18.3
R1001 - R3000	15.1	28.8	24.0	22.0	10.1
R3001- R6000	32.5	35.4	18.6	10.7	2.8
> R6000	68.8	23.8	5.4	1.9	0.0

Source: National Travel Survey, 2007

Table 5: Households spending more than 20-% of monthly income on public transport



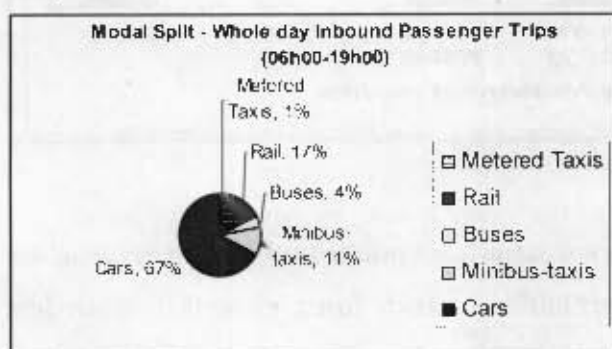
Source: National Travel Survey, 2007

Moreover, some of the suburban firms are more distant from public transport stops than are central city firms, making low-skill job opportunities in such firms even that much less accessible to inner-city workers, and this is consistent with earlier work of Holzer and Ihlanfeldt (1996). Transportation planners commonly define distances that are less than a quarter of a mile away from a public transit stop as accessible and those farther away as inaccessible (Bernick and Cervero, 1994). Based on this definition, what is immediately striking is that nearly all low-skill jobs in suburbs falling under the pooled sample are inaccessible by public transportation. Possible important finding for this research is that for those south-east township workers who travel to work by public transportation, suburban jobs are even less physically accessible than distances alone would suggest.

The above results would suggest that the persistent decentralization of employment in the City is the primary cause of lack of access to employment for many low-skilled workers from the south-east townships. Also, the need to use public transport as a mode of travel to work might make the attainment of distant jobs even more difficult for some workers. This problem is of particular concern for black and coloured workers from the south east, who are less likely than high-income blacks and whites to own cars, and for low-skilled workers, who are more likely not to own cars (Ong, 1996; Raphael and Rice, 1999).

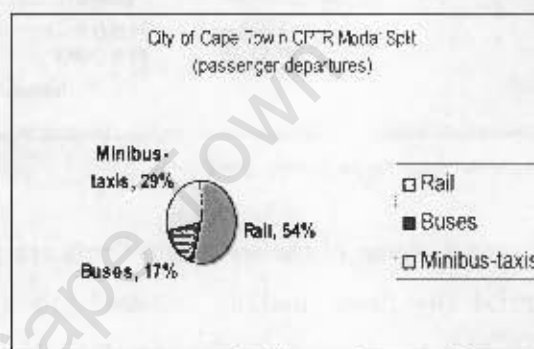
It is evident from the above that the City's form and ineffective of public transport system results in increased reliance on private car, as depicted in Diagram 5. The need to use public transport as a mode of travel to work (see Diagram 6) could be making the attainment of distant jobs more difficult for the vast majority of workers within the Cape Town Metropolitan Area. This problem is of particular concern for low-skilled workers from the depressed neighbourhoods, who are more likely than their white counterparts to own cars (Ong, 1996; Raphael and Rice, 2002).

Diagram 5



Source: CPTR (2004/5)

Diagram 6



Source: CPTR (2004/5)

Diagram 5 depicts the percentage of people, by type of transport, who travels into and out of the Cape Town CBD in a day. More than half of the people coming into the CBD daily (67%) do so by private transport. Only 17% make use of rail transport, 11% use minibus taxis and 4% use buses. Diagram 6 shows the modal split between the usages of different public transport modes leaving the city for the whole day (06:00 – 19:00). A significantly higher amount of public transport commuters use rail transport (54%) as opposed to minibus taxis (29%) and buses (17%).

CHAPTER 7: SALIENT RESEARCH RESULTS

Hereunder are some of the salient results of my research. My research has established that some firms are located in particular industrial and business parks mainly due to tradition and prestige. These firms are in these areas simply because they have always been there, that is, they see it as important to their business image to remain in these areas or because they are unwilling to break away from an established or 'accepted' business location. The original advantages the location offered may well now be available in other locations, but locational inertia will keep them in that location. For these firms the mention of accessibility factors may just as well be a rationalization of the location process that is largely based on personal preference. It has become increasingly clear that subjective and personal factors play an important role in determining firm location patterns. This is particularly so because the costs and benefits of alternative locations are not readily quantifiable, that is, some locational decision may be based on vague and personal ideas rather than on hard financial data.

7.1 Westlake Business Park

Also, my research results established that personal factors play a pivotal role in influencing their choice of business location. For example, access to executive residences is an important locational influence. This is particularly marked amongst firms in northern and southern suburbs, which are of high status and expensive housing. This factor is probably one which has more influence on the choice of suburban location than on the actual decision to relocate. Admittedly, the desire to locate the firm closer to executive residences do not sound absurd in that it seems to be the logical result of the great value firms place on the well-being of senior executives. This effect is more likely to be the case where work trips to an alternative location would be longer – in these circumstances relocation to a more convenient location would probably loom large in the minds of travel-weary executives. This, too, is an affirmation of the weight of unquantifiable and non-economic factors in the location decision.

The above argument is well illustrated by reports from certain type of firms which are located in the Westlake Business Park, in the southern suburbs of the City of Cape Town. Westlake Business Park is a new mixed development surrounded by and consisting of a town house residential neighbourhood, low-income housing, large office and industrial parks (involved in retail and light manufacturing), a shopping centre, the US Embassy and a private school, Reddam High School. It is easily accessible via M3, which merges with the N2, making the

northern as well as the CBD easily accessible. Commuter railway line extends along and run in the same direction as the M3. Train commuters still require a taxi from Retreat station to the main entrance of the Park.

To begin with, Sustainable Energy Africa (SEA)¹ is a firm that offers professional services to cities and local governments. Their service involves the promotion of sustainable energy approaches and practices in the development of South Africa and Africa. They accomplish this through research; capacity building; information dissemination; project implementation, lobbying and networking. The second firm is Olrac & SPSS, a professional firm that specializes in the development of software which is used in the recording, reporting and transmission of commercial fishing data. In other words, this firm offers a professional service to clients in the form of research and information.

The services for both SEA and Olrac & SPSS² entail face-to-face meetings with clients to discuss the research, project implementation and capacity building sessions for clients. In light of the nature of their services, these companies therefore require premises that outside the central city where parking facilities are often inadequate and traffic congestion is rife. This is one of the reasons why such companies prefer to be located in suburban industrial and commercial estates that have close access to highways. For instance, these firms are located at the end of the M3 highway which makes it very convenient for their client in terms of access – during a morning peak hour, there is a heavy traffic leading to the CBD and same thing in the afternoon. This makes it easier for their clients to visit these firms' premises during the latter times as there is no insurmountable traffic congestion.

Furthermore, these companies are invariably located in middle-class suburbs, rather than working-class suburbs. The reason for this is that these companies employ mostly professionals, with some clerical staff and a cleaner. In other words, they are less reliant on large supply of unskilled workers. Most of the staff, and of course the owners, are therefore middle class and prefer to drive to work in their own cars, without experiencing congested traffic, and to have a cheap and safe place to park. So, the owners and professional staff therefore prefer this kind of middle-class suburban location because it suits their own transport needs. This choice of location is reinforced by other requirements of the company. The second reason for choosing

¹ 9th May 2008

² 19th April 2006

these suburban locations is that they are new developments. This provided the firms with the opportunity to both buy and to design their own office building. These firms are concerned to present a particular kind of professional image to their clients and therefore have very particular building requirements. SEA for instance, in their pursuit to promote sustainable energy approaches and practices, they needed to own the building and design it according to specifications that would embrace energy efficiency development.

On the same vein, Olrac & SPSS' report highlights the fact that they needed to present an appropriate image for their company to client: to convey a sense of the sophisticated, professional and 'intellectual' character of their services'. Furthermore, each of these firms was also eager to make money out of investing in their own offices. If these firms were to be based in the CBD, this option would not be available to them. These findings highlight the fact that, in spite of advancement in information and communication technologies, in-the-flesh interactions remain pivotal to certain kinds of businesses around the City of Cape Town. This face-to-face contact is also made easier by the fact that these firms are also located in areas which have easy access to major highways. This finding is not unique to the CMA context. In fact, the available literature on the pioneering work on business location emphasized the role of face-to-face contacts or meetings between business owners or representatives as determinants of business location (see for instance, Lichtenberg, 1960; Thorngren, 1970; Goddard, 1973).

Clapp (1980) was, however, the first to make that role explicit by regarding such meetings as a necessary input in the production of business services. In the case of professional firms this can, in fact, often be synonymous with access to clients – architects, engineers and surveyors often work in teams or subcontract work to each other. In such cases, firms find it an advantage to locate close to potential custom, that is, links between firms' activities seem to be encouraging proximity, even in suburban situation. This is consistent with Clapp's analysis that face-to-face meetings with suppliers and face-to-face meetings with customers are considered separate but closely related inputs. Be that as it may, it is also clear from my research that not all firm types are equally dependent upon such face-to-face contacts. For instance, whereas Olrac & SPSS's nature of work requires ongoing research project in which Olrac feeds information into a discussion between the fishing industry and government about the size of the catch for each particular fish stock, and that these discussions take place all year round, SEA's work requires very limited on-site visits by its clients. SEA conducts a seminars and workshops in different regions within the country.

In as far as recruitment of workers is concern, my research has established that Sustainable Energy Africa, for instance, tend to communicate their vacancies through clients and social partners' database, including those of sister organizations with whom they work closely in the energy. In addition to this, they also advertise on the main newspapers such as Sunday Times and Mail & Guardian. Further, they recruit via the Careers Development Programme of the University of Cape Town as well as Public Private Partnership Programme (PPP). Last but not least, they also recruit through word of mouth using existing staff members. Still, these locational choices of firms such as Olrac & SPSS and SEA tend to have dire consequences for public transport captive workers who live in the south-east townships. For instance, Olrac & SPSS reported that their cleaner who commutes daily to work from Khayelitsha (south-east township) has a permanent transport arrangement with an owner of a minibus- taxi who transports and other workers to and from the Westlake Business.

A report from SEA shows that there is a worker who commutes daily to work from KwaLanga Township, in the south-east. According to the report, this worker's trip to work begins with a 5 minutes' walk to the nearest train station, takes a train to Pinelands or Salt River station, and takes another train to Retreat station. From Retreat station, this worker takes a minibus-taxi to the main entrance of the Business Park and then walks to SEA offices. SEA further reported that their receptionist used to travel from Philippi township (south east) and due to difficulties posed by inefficient public transport system, the firm assisted her in getting a rented accommodation in the nearby Westlake 'township' - she now walks about 10 minutes to work. In essence, this demonstrates that workers from the south-east townships have to endure long and expensive commutes with many changes of transport. Particularly, this would present a spatial hurdle to employment to low-skilled job-searchers from the south east townships especially those who do not have social networks.

The literature on job search demonstrate that search costs increase with distance from home in terms of the time and cost of travel, that is, the further a job vacancy is from home, the less likely an individual is to find out about it. Also, the fact that the 'word-of-mouth' is an important source of labour market information for lower-skilled and the fact that lower-skilled vacancies are often advertised locally, means that it is very unlikely for an unemployed low-skilled workers from the south east township to know about such a vacancy. My research has established though that the professional workers who commute to work from different

locations of the city-region, including south-east townships (e.g. kwaLanga) are not constrained by the above barriers to employment in car-oriented middle-class suburbs. Their high income coupled with the manner in which professional vacancies are communicated.

However, an interesting finding is that while it is clear that these companies do employ low-skilled workers, they do not have to rely on the large supply of unskilled workers who live in the south-east townships. There is a ready supply of labour that lives in cheap housing areas in the southern suburbs. For example, there are new informal settlements which are located right in the southern suburbs, and these include areas such as Westlake 'township', Masiphumelele, Ocean View, Red Hill (squatter camp). This is well illustrated by Olrac & SPSS's report that their receptionist-cum-personal assistant who lives in Ocean View commutes to work by means of a public transport: she takes a taxi from Ocean View to Fishhoek station, takes a train Retreat station and then takes a taxi to the main entrance of Westlake Business Park. So, this evidence demonstrates that land invasions by squatters in the southern suburbs have actually changed the apartheid geography of Cape Town to the benefit of low-skilled workers in terms of access to employment in car-oriented middle-class suburbs.

7.2 Blackheath Industria

Conversely, certain type of firms which are located in the traditional industrial areas such as Blackheath give us an interesting insights in terms of the spatial mismatch in the labour market caused by firms moving to decentralized locations far from unskilled residents of the excluded ghettos of the south-east townships. Black heath is one the oldest industrial estates in Cape Town and is located approximately 45-50 kilometres from city centre. This area's geographical centrality within the city-region; its good arterial access to the major highways such as N2 and R300, as well as a commuter rail which extend to the CBD, coupled with the fact that it is well served by both bus and minibus-taxi services makes it attractive to certain kinds of firms. My research has established that the activities of a number of firms in this area include production of industrial material, and for this reason tend to require spacious and cheap premises which are located in a larger piece of land for their production, administrative offices and free parking for their staff and clients.

The results of interviews SGB Cape-Scaffolding³, Stone Age⁴ and VEYPACK⁵ illustrate the above. SGB Cape-Scaffolding is manufacturing firm that specializes in the refurbishment and repair of scaffoldings. This firm's clients are located in different parts of the Western Cape and these deliver and collect their goods themselves by road. Raw materials from their Johannesburg based supplier are also delivered by road. Stone Age is also a manufacturing firm which specializes in the production of simulated stone products which are designed and moulded from the original natural stone products. Their clients include building contractors and architects which are located all over the Western Cape. This firm delivers ordered goods to these clients. In as far as recruitment of workers is concerned; my research shows that Stone Age communicates vacancies through newspapers and word-of-mouth.

VEYPACK is also a manufacturing firm which specializes in the packaging of a variety of products for companies such as Coca-Cola, South African Breweries and International Health Distributors. Goods to local clients are transported by road and those for international clients by sea and air. Therefore, the availability of abundant and cheap; sufficient free parking space for clients and staff is very important for these kinds of firms. Also, easy access to major highways that is free of traffic congestion is also an influential factor in terms of their choice of location. Hence, these kinds of firms are customarily located in the periphery of the city rather than in middle-class suburbs. This choice of location is reinforced by other needs of these firms. The need to occupy and invest in their own premises rather than to lease them is one of the reasons why they locate their businesses in locations of this nature. Undoubtedly, this option would not be available to them if they were to be based in the city centre.

While some these firms do employ professional and skilled workers, my research indicates that most of their staff are semi- and unskilled workers who rely on the public transport system to commute to work from south-east areas such as Khayelitsha and Mitchell's Plain, as well as from nearby informal settlements. In fact, VEYPACK employs electrical and mechanical engineers, artisans, draughtsmen and low-skilled assistants. Also, they have a coloured woman who live in Elsiesrivier as a receptionist, two white female account clerks who live in Durbanville and Bellville, respectively. The electrical manager lives in Durbanville, financial manager in Newlands, and managing director lives in Sea Point. The general assistants live in areas such as

³ 1st November 2006

⁴ 13th June 2008

⁵ 13th June 2008

Khayelitsha, Salt River, Maitland and Mitchell's Plain. It is interesting to note that none of the low-skilled workers were reported to be coming from the nearby informal settlements such as Mfuleni, Blue Downs and Happy Valley. This suggests that proximity to a particular industrial area does not guarantee access to employment given the recruitment methods used by employers.

Given the location's proximity to the south-east townships, low-skilled workers tend to experience relatively less difficulties in terms of travel time and transport costs. Besides, as stated above, these firms do not have to rely solely on the supply of low-skilled workers from the abovementioned areas which require them to commute to work, there is a ready supply of labour that lives in cheap housing areas located much closer to Blackheath industrial area. Mfuleni, Blue Downs and Happy Valley are some of the new informal settlements which are located right in Blackheath. As discussed earlier, land invasions by squatters in areas surrounding this industrial area have mitigated the spatial barriers to employment which were caused by the system of apartheid in the city of Cape Town to the benefit of low-skilled workers. This suggests that firms that locate in the Blackheath tend to rely on low-skilled and semi-skilled workers. That is, this area is accessible to these workers and that commuting to work does not pose huge burdens both in financial and travelling terms. Contrary to reports from other firms in this industrial area, my research has established that VEYPACK recruits workers through a labour broker.

However, an interesting finding is that in Blackheath, contrary to my findings in Westlake Business Park, skilled and professional workers, including owners, tend to commute long distances by car from their places of residence to work. This further reinforces the fact that in cases where the firm's requirement spacious, affordable premises and a need to invest in their own premises supersede all other economic considerations, company executives tend to endure long commutes by car. This evidence is consistent with the literature discussed earlier, which maintains that high-income workers, who are usually white, are more likely to own cars, hence their ability to access and keep jobs in distant industrial areas within the city-region.

7.3 Airport; Epping and Paarden Eiland Industrial Areas

My research has further established that there are three of industrial parks researched, that is, Airport, Epping and Paarden Eiland, proved to be uniquely positioned on cheap transport routes and relatively accessible to low-skilled workers from the south-east townships that are captive to public transport.

7.3. 1 Airport Industrial Park

For instance, the Airport industrial park which is largely occupied by manufacturing, wholesale, courier and freight, as well as storage companies, offer good access to and from the N2 and travelling is generally against peak traffic. Its close proximity to the working-class suburbs coupled with the fact that it is well served by a bus services which run through the area or alongside Borchard's Quarry main road located on its periphery, means that it does not only provide painless access to jobs found in this area for low-skilled workers from the south-east townships but is also located on short and cheap transport routes to them.

My research shows that firms in this area are reliant on the semi- and low-skilled workers. Interviewed firms reported that while a majority of low-skilled workers from the south-east townships use public transport to work, others, especially those who live in Nyanga township, tend walk to work. It is therefore not surprising that, unlike in Westlake Business Park and Blackheath, firms in Airport industrial area reported to be also employing casual workers from the south-east townships. Conversely, the administrative and professional staffs, including firm owners, tend to endure long commutes by car to work. This is mainly because they tend to live in areas such as the northern suburbs (for instance, Big Bay) as well as in the southern suburbs (Wynberg).

Furthermore, reports from firms indicate that the choice of Airport industrial park is reinforced by other requirements of the firms. For instance, a number of firms located here have relocated from other areas within the city-region due to their internal economic growth and that their need for an affordable and abundant land has been met in this park. In light of the fact that this land was barely developed when some of these firms first moved in here, this gave them an opportunity to design and build premises according to their business requirements. This includes making provision of sufficient free parking bays for both their staff and clients. The

centrality of this park to the city-region combined with its closeness to the Cape Town international airport makes it also convenient for firms who rely on air freighted products. Reports from Autotrade Supplies and LeFarge Cement accentuate the above points.

For example, Autotrade Supplies⁶ is a family owned manufacturing firm which moved from Parow industrial area to Airport less than a year ago. This firm imports and distributes motor spares such as filters, greasers, CV joints, wheel covers and seat covers, to mention but a few. Autotrade clients are situated in both the southern (Mitchell's Plain, Grassy Park, Wynberg, Lansdowne) and northern (Brackenfell, Kraaifontein, Durbanville) parts of the city of Cape Town. My research has established that the firm's need for spacious, own business premises, at an affordable price was the main motivating factor that sparked their move to this industrial area. The nature of Autotrade's business requires that they hold large amounts of stock in their business premises and these new premises allowed them to build their own warehouse, workshop and other sections. This area also satisfied other firm needs, albeit secondary in character. Its proximity to the south-east townships allowed them to penetrate the most sought after market in Khayelitsha township. Needless to say, the above needs could hardly be met in the city centre.

There are two bus routes running either through the Airport industrial area or just along the Borchard's Quarry main road. The bus route that runs through the Airport industrial area makes a stop just outside the doorstep of Autotrade Supplies. There are approximately 38 workers in Autotrade Supplies' employ, and these include sales persons, drivers, dispatchers, packers, cleaners, retrievers, store men and administrative staff. Racially, an Indian driver lives in Brackenfell, an African lives in Khayelitsha and two coloureds live in Wynberg and Athlone, respectively. The sales staff is made up of whites and coloureds that live in areas such as Platteklouf, Big Bay, Strandfontein, Edgemoed, Goodwood and Kraaifontein.

The administrative staff live in Lansdowne and Wynberg, respectively. My research established that the vast majority of workers travel to work by private transport, and that managers and sales staff provide lifts to a number of workers who do not own cars. A few of the workers use public transport. Autotrade is located much closer to the south-east township and is dependent on low-skilled workers from these townships. Ironically, while this industrial area is making commuting to work much easier and affordable for low-skilled workers, owners and other high

⁶ 27th September 2006

income staff have to endure longer commutes to work. My research has established that new workers are recruited through referrals by other family members who are already in Autotrade Supplies' employ, and few others are promoted from within when need arises.

The second firm which is also located in the Airport Industrial area is LeFarge Cement⁷ and they manufacture and supply ready-mixed concrete cement to a number of projects in areas in and surrounding the Airport Industrial area. The choice of the current business location was mainly motivated by the fact that there was a lot of new construction work taking place in the Airport industrial area at the time. The nearest similar plants are located in Paarden Eiland and Blue Downs, correspondingly. Therefore, choosing the city centre as their business location could not have made any business sense. In terms of staffing, LeFarge has about 5 permanent workers which include the manager, supervisor, dispatcher, load operator and a general assistant. The drivers and cleaners are outsourced. In as far as recruiting is concerned, workers are usually promoted from within and resultant vacant positions are advertised through newspapers. The manager and supervisor use their own cars to travel to work. The load operator and general assistant walk no more than 20 minutes to work as they are living in Nyanga, one of the south-east townships. LeFarge Cement is inevitably located much closer to the south-east townships and is reliant on low-skilled workers from the south-east.

7.3.2 Epping Industrial Area

The Epping industrial park, on the other hand, is one of the older industrial parks and is located approximately 10 kilometres from the central city of Cape Town and is accessible via a number of routes such as the N2, M16 and Vanguard Drive. It is characterized by a large concentration of manufacturing firms, hence provides many industrial employment. Firms situated in this park include engineering companies that specialize in the production of steel products; fabric and textile firms, as well as dye firms. This park is located much closer to the south-east townships and a number of low-skilled workers from these townships are reported to be employed by firms from this park. This area's proximity to the south-east townships coupled with the fact that it is well served by all modes of public transportation (that is, mini-bus taxi; bus and train service). And most importantly, workers from the most nearest south-east townships such as KwaLanga tend to walk to work. Interestingly, employers from the Epping industrial area also

⁷ 15th June 2008

have a large supply of low-skilled labour in the Barcelona informal settlement, which is located just at the industrial area's doorstep.

Conversely, my research has also established that factory owners including professional and administrative workers tend to commute longer distances by car to their respective residences in the northern and southern suburbs. The choice of this business location by industrial firms is also strengthened by other important firm's requirements. The area is accessible via a number of routes such as the N2 highway, M16 and Vanguard Drive. This is important in terms of access to and by both clients and suppliers. For example, my interview with VYE Graphics⁸, a firm that designs and manufactures screen-printed signboards and billboards, emphasized the latter point. While some of VYE suppliers of raw materials (such as ink, substrates, cleaning agents, etc.) are located within the Epping Industrial area, a number of others are situated in other industrial areas such as Paarden Eiland, Montague Gardens, Ndabeni and Maitland. All the latter areas are within 10-15 minutes drive from Epping industrial area. Furthermore, the easy access to major highways afforded by this area also makes it convenient for firms here to both deliver products either themselves or through courier service companies to their clients. VYE Graphics is inevitably not situated in a middle-class suburb, but closer to the south-east townships. Their nature of work is labour intensive and dependant on semi- and low-skilled workers.

The Epping industrial area is relatively accessible for workers from the south-east townships. For instance, my interview with a representative of VYE Graphics established that most of the shop-floor workers (all of whom are African men) commute to work by public transport from Khayelitsha township, which is located in the south-east. Other low-skilled workers live in areas such as Philippi, Nyanga and Gugulethu, which are all situated in the south-east. Most workers from the above townships are reported to be using either a minibus-taxi, train, bus service or a combination of these modes of public transport. For instance, those workers who are travelling by train they usually take the Khayelitsha-Kapteinsklop-Cape Town line from Khayelitsha and disembark at kwaLanga station, which is within a walkable distance to Epping 1. Some of these workers need to take a minibus-taxi from home to the nearest train station. However, the railway line runs along both Epping 1 and 2 which means workers who are employed in these industrial areas simply walk to work from the train station. Also, some of the workers simply take a bus from Khayelitsha straight to Epping industrial area.

⁸ 3rd May 2006

My interview with the owner of Tomotex⁹, an Epping based manufacturing firm which produces fabric and textile, is also informative. This firm has been located in Epping for the past 2 years. Previously, they were situated in Parow industrial area. Their to move from Parow was inter alia motivated by their need to occupy their own premises, however, this proved difficult for them as purchasing factory premises tended to be too expensive. Also, they considered Epping industrial area to be their business location of choice as it fulfilled other business requirements as well. For instance, the Dye House is located here in Epping which means they are now located closer to one of their suppliers of raw materials. Tomotex employs 13 workers, and these include a receptionist, a tea lady, a driver and the rest are knitters and technicians. The receptionist, driver and all knitters are coloured. The tea lady and 2 of technicians are Africans, and the rest of the technicians are coloured. This firm does not use any form of formal communication of vacancies, instead they recruit through the word-of-mouth.

The owners commute to work by private cars from Bergvliet, which is situated in the southern suburbs. The coloured technicians and knitters travel by train from areas such as Hanover Park and Kuils River. The African technicians and the tea lady travel by train from areas such as Khayelitsha and Blue Downs. The receptionist travels by bus from Mitchell's Plain. This evidence suggests that Tomotex is dependent on the semi- and low-skilled workers from the south-east townships, and that this industrial area is accessible by all modes of public transport.

An interesting finding in the above case studies is that while it is clear that most of these firms employ workers live and commute to work from the south-east townships, they do not have to rely on them as there are new informal settlements which are located right in the Epping's doorstep. Barcelona informal settlement is one example of such irregular settlements.

7.3.3 The Paarden Eiland industrial area:

The Paarden Eiland industrial area is one of the three oldest industrial areas which are located in the cheap public transportation routes for low-skilled workers from the south-east townships. This area is occupied by mainly by boatbuilding firms as well as firms that manufacture and supply industrial materials (for instance, hoses for ships, earth moving machines, chemicals, etc.) to manufacturing and other firms. Firms in this location are reliant on

⁹ 11th October 2006

both semi- and low-skilled workers, and many of these commute to work by public transport from the south-east townships. Again, owners including professional and other high-income workers who, in most cases own cars, tend to travel long distances by cars to work from northern and southern suburbs. This industrial area is accessible by all three modes of public transport, that is, bus, train and mini-bus taxi service. It also has some features which tend to satisfy other firm's requirements.

The area is situated just outside the city centre; closer to the harbour and along the major N1 highway, which enhances its accessibility to both suppliers and clients alike. Also, my research has established that a number of similar and competing firms (boatbuilding firms, for instance) are concentrated in this industrial area. Respondents reported information sharing and knowledge spillover as one of the factors that makes this particular business location suitable for their type of business. It is interesting to note that this seemingly obvious mechanism tends to be pivotal for these firms in generating additional agglomeration effects. Localization economies is an old idea, yet it is a persistent theme in the industrial location literature (Henderson 1988). Hence, these reports from firms located in the Paarden Eiland are consistent with the literature on localization economies. Be that as it may, Disdier and Mayer's (2004) argument that the overall impact of competitors on location choice is rather unclear. The latter commentators contend that whereas the existence of spillover effects may provide incentives for clustering with other similar firms in the same neighbourhood, increased competition pressures may lead firms to look for locations having fewer competitors. As to which force dominates is an empirical question. Case studies from R & M Boatbuilders¹⁰ and Hosefit¹¹ are enlightening.

R & M Boatbuilders trains and employs a number of semi- and low-skilled workers who are mainly characterized by disability. This firm produces a number of different boat designs both for a local and largely for international market. Paarden Eiland's proximity to the harbour makes it easier, cheaper and quicker for this firm to export their boats by sea to their overseas clients. Paarden Eiland also satisfies other R & M Boatbuilders' business requirements. Because of its accessibility, this industrial area allows them easy access to suppliers of raw materials such as glass fibre industrial products (motors, aluminium, matts and resin), which are sourced from firms in Airport Industrial area. My research has also established that there are other

¹⁰ 29th March 2008

¹¹ 10th April 2008

boatbuilding firms which are also located in Paarden Eiland (for instance, Jazz Marine Boatbuilders) and R & M Boatbuilders shares knowledge and exchange raw materials with them. The size of R & M Boatbuilders factory is approximately 1600 square metres, which suits their nature of business as it requires spacious premises. Needless to say, this business requirement for large premises at affordable rent cannot be met in the city centre.

There are 15 workers that are employed by R & M Boatbuilders. The vast majority of their workers are recruited from Noluthando School for the Deaf, Khayelitsha, as part of a skills development programme which is funded by the Department of Welfare. Others are recruited through the word-of-mouth, mainly through existing staff. In fact, the owner of R & M Boatbuilders emphasized the fact that he prefers to employ family members of the existing workers in order to maintain harmony in the workplace. For instance, a fibreglass African forewoman from Gugulethu has a son who works for the same firm, and Ivan Cronje (coloured) from Grassy Park in the southern suburbs also has a son who works for the same company. Further, Peter (white) who is a carpenter has a sister who is employed by the same firm as a receptionist/bookkeeper. In terms of commuting to work, Peter and Beth (white workers) use own cars to work from Sea Point and Bellville, respectively. All the African workers commute to work by public transport from the south-east townships such as Gugulethu and Khayelitsha. Except those from Gugulethu who walk from their homes to the nearest train station, most of the other workers use a combination of minibus-taxi, train and walking to work. For instance, a worker takes a minibus-taxi from home to the nearest train station and when they disembark at Woodstock train station, he or she walks about 2.5 kilometres to Paarden Eiland.

Hosefit, on the other hand, another Paarden Eiland based manufacturing firm is also illustrative why some firms choose to locate in particular and not others. This firm produces and supplies a variety of hosing product (stainless steel, hydraulic, mining, etc.), pipes and fittings to industry. They manufacture hoses for ships, earth moving machines and other related products such as breaking pipes for motor vehicles. Most of their raw materials are imported from overseas suppliers. Their need for bigger premises coupled with desire to be located in the proximity of the harbour which is one of their big clients influenced their decision to move from Pinelands to Paarden Eiland about 8 years ago. In terms of worker profile, Hosefit has 4 whites, 7 coloureds and 3 African workers in their employ. The owners and shop-floor manager (all white) commute to work by private transport from the northern and southern suburb areas. The rest of the workers commute either by train or minibus-taxi (or a combination of the two) from

areas such as Kuilsrivier, Eerste Rivier, Bonteheuwel, Retreat and Khayelitsha. While vacancies are sometimes communicated through newspapers, usually, these are communicated through the word-of-mouth.

7.4 Montague Gardens

Montague Gardens is one of the foremost growing industrial areas in the Cape Town city-region, and it covers an area of approximately 15 square metres. It is one of the Cape Town's most modern, sought after and well planned industrial area. Situated approximately 20 kilometres from the city centre and within 10 minutes of Cape Town's port and airport between Cape Town and Bellville, this area is easily accessible from most areas of the Peninsula through the road and rail network. Montague Gardens is also in close proximity to the N1 and N7 National roads and the M5 this industrial area is centrally located to any part of the city-region. It provides various sized industrial and commercial accommodation, ranging from 85 to 10 000 square metres. Montague Gardens is the entryway to the rapid urban and economic growth of the West Coast region. This essential position has lead to the major retail chains such as Woolworths, Spar and Clicks locating their central distribution centres right in this area for convenient distribution to their many outlets throughout the region.

The business spectrum includes various types of business, including retail stores, engineering firms, motor repair shops, food manufacturers and a wide variety of products and services. Montague Gardens is a relatively modern industrial suburb and the majority of its buildings are suited to the modern industrial requirements. The institution of cash and carry operations such as Makro and the Trade Centre in the area has lead to the growth of warehouse retail trade in the area and Montague Drive, Montague Garden's main activity backbone. Montague Gardens has also become the core hotspot for the Do It Yourself (DIY) enthusiasts, with outlets such as Penny Pinchers and Ital Tile concentrating in the area. Montague Gardens is a rather unique industrial area in that it is surrounded and serviced by numerous residential and commercial areas which are in close proximity to the industrial activity. In terms of commercial areas, Montague Gardens is serviced by both Century City and the Milnerton CBD.

These areas provide Montague Gardens with fantastic banking, shopping, postal and entertainment facilities. Africa's largest shopping mall, known as Canal Walk, is situated just a few kilometres of the Montague Gardens' centre. In addition to retail and service facilities, the

commercial areas surrounding Montague Gardens provide a range of office accommodation for users. To add to its desirability, Montague Gardens is also surrounded by a number of residential areas. This is completely unlike any other industrial area in the Peninsula. These residential areas range from an upmarket golf estate and high-income residences such as Milnerton and Monte Vista to lower-income informal settlements such as Marconi Beam and Brooklyn, as well as relatively higher income settlements such as, and of course the higher income apartment style Century City. It is well served by taxis and bus service from the rest of the city-region. The closest commuter railway route runs from the CBD to Bellville. The Goodwood station is roughly a 25 minute walk from this industrial area. Montague Gardens, unlike any other industrial area, is an upmarket and well sort after making it a dream for all business investors looking for the best of both worlds. As shown in Table¹ above, there has been an aggressive private sector investment in this industrial area. Inevitably, this industrial area is located in the car-oriented northern suburbs, that is, away from cheap public transport routes and relatively inaccessible to low-skilled workers from the south-east townships. Low-skilled workers who accept offers of employment in these northern suburbs are forced to endure long commutes and take several transfers on their way to work.

The reports from some of the interviews shed some insightful details on why firms choose Montague Gardens as their business location, and most importantly, what the consequences are for unskilled and semiskilled manual workers from the south-east townships when firms locate in these northern suburbs. My research has, in general, established that some of the influential reasons why firms choose Montague Gardens as their business location are the proximity to other well known businesses in the area, as discussed above. Others cite company expansion and need for additional operational space and bigger premises; need for proximity to their clients and suppliers as reasons for their relocation from other locations to here. This is well illustrated by reports from certain types of firms which are located in this northern suburb, Montague Gardens.

Daikin Air-Conditioning South Africa (Pty) Ltd¹² is one of the wholly owned subsidiaries of Daikin Industries Ltd Japan and is the distributor of Daikin air conditioning products in Montague Gardens. Daikin relocated from Paarden Eiland to Montague Gardens in 1998, mainly due to their business growth and need for larger premises for their operations. This location suited their business needs in that it offers easy access to their clients in the areas lying outside

¹² 12th June 2006

the Cape town CBD as well as to the CBD itself as they have dealings with some consulting engineers and architects there. Their service involves the sales and delivery of air conditioning systems to approximately 25 dealers which are located city-region areas such as Stellenbosch, Blaauwberg, Cape Town CBD, southern- and northern suburbs. Daikin does not generally do the actual installation of systems; instead, clients are expected to employ the services of contractor of their own choice. Daikin's technicians are sent out to assist client only if their contractors encounter problem as the systems are supplied under warranty.

Daikin employs approximately 25 workers, and these encompass technicians; sales personnel; administrative staff; planners; accountants; drivers, packers, and casual workers who mainly offload delivered consignments from containers. Technicians (who are white) and their assistants live in the northern suburban areas such Durbanville and Brackenfell, as well as in Green Point, in city centre. The six sales personnel (all white) travel by car to work from southern- (Noordhoek, Houtbay) and northern suburbs (Durbanville, Montague Gardens). The two packers and the drivers (Coloured and African) live in the south-east townships and some commute to work by train while other take a train to the city centre and get a lift to work by one of the technicians who live in Green Point. One packer who lives in the areas surrounding Montague Gardens walks. Casual workers are reported to be either walking to work from the surrounding areas or travelling from the south-east townships by public transport. All the Head Office (all white) and administrative staff (all white) travel by car from a variety of areas within the city of Cape Town.

In terms filling in of vacant positions, my research has established that professional such as technicians are recruited through a recruitment agency, some basic administrative workers through internal promotion and casuals such as container off-loaders are employed off the street. Also, casuals who had been employed as off-loaders on several occasions are often promoted to positions of packers. In terms of filling in of vacant positions, Daikin uses a combination of mechanisms. For instance, when recruiting technicians they make use of an employment agency. Most of the casual workers who are brought in to offload consignments are recruited off the street. Further, vacant positions are filled in from within through promotions. The second firm is Linpac Distribution¹³, a Cape Town-based firm which manufactures and markets a retailing range of plastic materials handling containers to the South African market.

¹³ 12th July 2006

Located in the Graph Avenue, firms in the vicinity of Linpac all appear to be involved in high-scale manufacturing activities. This location runs along Koeberg Road, connected to the M5 highway and also easily accessible via N7 off the major N1 freeway. Also in its proximity is the Canal Walk shopping mall as well as a number of Business Parks. Linpac moved its operations from Paarl about 13 years ago to here in Montague Gardens. Part of the motivating factors to a decision to relocate relates to the firm's expansion and the need for more space for its business operations. In terms of their service, this firm delivers its manufactured products to a number of clients who are mostly farmers, and these are located in the relatively far out areas. Some of its key clients in the city-region include Woolworths, McDonalds and Rainbow Chickens. In as far as their workforce, Linpac is reported to have 300 permanent production staff, and 175 to 200 of these employed as packers. Typically, packing activities are considered as the entry level positions at Linpac, and often require no educational qualification. The latter positions are occupied mainly by Coloured and African workers. The rest of the workers are involved in the maintenance and production process.

There is also a head packer, machine operator, machine setter, a senior operator and a superintendent. Further, there are people working as artisans. In addition, there are approximately 70 casual workers who work according to a number of production lines in operation. That is, their numbers depend on the level of absenteeism and season, and they are mainly Coloured and African. This firm also employs about 30 workers who are part of the administrative and management staff. My research has established that administrative and managerial staff, who live from various areas within the city-region, use either own cars or some form of private transport such pooling or lift clubs. Also, 90 per cent of the production staff, who live mainly in Atlantis and Paarl, uses a company subsidized taxi system to commute to work. That is, the company contributes 60 percent towards the monthly transport costs of each worker. Workers who live in the surrounding areas such as Summer Greens use either a mini-bus taxi or bus service to work. My research has found out that Linpac recruits production workers (for instance packers) through the existing workers, that is, word-of-mouth. When recruiting administrative workers this firm employs the services of a recruiting agency as they claim that this saves them company time.

The third firm is Fabric and Textile Warehouse¹⁴, a manufacturing, storage and retail outlet which is involved in the production of curtaining; dress fabrics, upholstery, and other sewing-related accessories. They sell their products to a wide range of clients, which include industries, renovators, events companies, and individuals off the street who need fabric, haberdashery or other accessories for dress, quilting or curtain making. It is located in Montague Drive, a major roadway in this industrial area which extends off Koeberg Road and connected to the M5 and also easily accessible via the N7 off the N1 highway. Some of the key firms in its vicinity include Makro, Penny Pinchers, and Spar Distribution Centre. This firm's workforce consists of 6 permanent workers. Four of these operate on the floor as sales person and the rest work in the back room where they cut and sew cushion, beddings, etc. The owners of this firms travel by car from Sea Point, in the city centre. All other workers who live in areas such as Elsies River, Woodstock and Athlone commute by bus to work. The other worker, who lives in Joe Slovo area, walks to work. Two of the above workers are coloured and the other two are Africa. When filling in vacancies, my research has established that Fabric and Textile Warehouse communicate their vacancies through the Classified as well as local newspapers.

The above evidence suggests that the vast majority of firms that establish themselves in the Montague Gardens are those that require premises that outside the congested and traffic prone Cape Town central city where parking facilities are often inadequate. Also, premises in this industrial area are relatively spacious and modern compared to those in other industrial areas and the majority of its buildings are suited to the modern industrial requirements. This makes Montague Gardens a destination of choice for firms who have experienced growth and who need to expand their business operations to move into this industrial area because of bigger premises it offers. Certainly, the central city does not present this opportunity. Further, the closeness of Montague Gardens to major highways is one of the reasons why such companies prefer to be located in suburban industrial and commercial estates of this nature.

For instance, the Cape Town CBD is only about 20 kilometres from this area while the Cape Town International Airport and Harbour are within 10 minutes drive from this industrial area. In other words, Montague Gardens is easily accessible from most areas of the Peninsula not only through the road but also rail network. Undoubtedly, this location makes it very convenient for their clients to visit their premises at any time of the day and for them as well to with no

¹⁴ 31st July 2006

insurmountable traffic congestions. As discussed above and given the nature of their business activities, some of these firms still engage into face-to-face contact with some consulting engineering and architects firms that are based in the city centre. Most importantly, these firms are invariably located in middle-class northern suburbs, rather than working-class suburbs. The reason for this is that these firms are reliant mostly on professionals and some clerical in their workforce. That is, they are less dependent on a large supply of unskilled workers from the south-east townships.

However, even if they were, there is sufficient pool of low-skilled workers that lives in cheap housing areas in the northern suburbs. These include, for instance, new informal settlements such as Marconi Beam and Joe Slovo, which are located within a walking distance to some parts of Montague Gardens. This is evident from the reports by firms above that some of their low-skilled workers tend to walk to work. Also, the majority of workers, including firm owners, is middle class and thus favours to drive to work in their own cars, without experiencing congested traffic, and to have a cheap, safe and sufficient place to park. Accordingly, firm owners and professional staff therefore prefer this kind of middle-class suburban location because it suits their own transport needs. This choice of location is strengthened by other requirements of these firms. Fabric and Textile Warehouse, for instance, reported that proximity to such well known retailers such as Makro and Trade Centre as one of the factors that influenced their choice of this location. That is, they felt that this would provide their business with good coverage and that they would benefit from 'passing trade'. Further, they believed that the steady passing of traffic to these popular businesses would give them positive exposure to potential clients.

These locational choices of firms such as Daikin Air Conditioning, Linpac Distribution, Fabric and Textile Warehouse and others tend to have certain implications for low-skilled workers from the south-east townships. In contrast to the reported multiple public transports transfers experienced by south-east township workers who commute to Westlake Business Park, minibus-taxis and bus services from areas such as Mitchell's Plain and Khayelitsha tend to run direct to Montague Gardens without any need for transfers. Further, while this industrial area is not directly served by train service, Goowood train station is within a 25 minutes' walk to Montague Gardens. This suggests that access to employment, using public transport, by low-skilled workers from the south-east townships is possible. Save to say that, in general, public transportation within the city-region is unsafe, slow, not always prompt and may not stop at all

job location sites, with the implications that some low-skilled workers are forced to walk long distances from bus or train stops to their workplaces.

Surely, this presents a spatial challenge for low-skilled workers from the south-east townships who accept offers of employment in this industrial area. They tend to travel long physical distances to and from work compared to similar workers who reside in or closer to this industrial area. The lack of employer sponsored transportation, weak public transport system and the fact that low-income workers are less likely to own cars compared to their high-income counterparts could possibly present a significant constraint on low-skilled job seekers from the south-east townships. As Lau and Chui (2003) illustrated, the importance of a good and efficient public transport infrastructure to overcome spatial mismatches in a city labour market cannot be overemphasized.

7.5 Killarney Gardens industrial area

Killarney Gardens is another relatively modern industrial area that is located further north of the Montague Gardens industrial area. The profile of businesses located in this industrial area range from retailing stores, engineering, manufacturing to transport. It is also one of the Cape Town's most modern, sought after and well planned industrial area. This location provides firms good access to the Cape Town harbour, reasonably well located in terms of access to the Cape Town International airport, and importantly is considered extremely well served by the main freeways such as the N2 (5 minutes away, by which they travels eastwards), the N1 (2 minutes away by which they travel out to Johannesburg and PE) and the N7 (1 minute away by which they travel westwards). While this area may be located outside of the Cape Town its essential position has lead to the major firms whose need for bigger premises such as those in the transport industry locating their distribution centres right in this area for convenient distribution to their many clients throughout the city-region. Given Killarney Gardens' proximity to Montague Gardens, it is also commercially served by both Century City and the Milnerton CBD.

As indicated in Table¹ above, there has been an aggressive private sector investments and employment creation in this industrial area albeit at a lesser extent compared to Montague Gardens. Without doubt, Killarney Gardens is located in the northern suburbs and further away from south-east townships. The reports from some of the interviews carried out in this

industrial area illustrate some of the factors which tend to influence firms to choose this industrial area as their business location. And most importantly, these reports are also informative in terms of what the consequences are for unskilled and semiskilled manual workers from the south-east townships when firms locate in a northern suburb such as this one. In effect, my research has established that the need for additional operational space and bigger premises; need for proximity to their clients and suppliers coupled with the area accessibility to major highways, are some of the reasons for their relocation from other locations to here. The reports below from BB Transports and H. Roemer Transport are quite informative.

BB Transports¹⁵, for example, has been doing its business activities in Killarney Gardens industrial area for the past 6 years. Prior to that they were located in Stikland industrial area, where they spent about 6 years. BB Transports is a transport company that operates nationally, and the Killarney Gardens branch nature of business activities includes the consignment of small parcels and bulk loads between and within cities in South Africa. Precisely, the Killarney Gardens branch primarily operates between Cape Town, Port Elizabeth, and Johannesburg but also operate non-scheduled routes to the other cities as well. The extent of their scale of operations is well illustrated by their fleet, which includes approximately 36 delivery trucks and vans.

Unavoidably, BB Transports is located in the middle-class northern suburb area with implications that it is far away from the south-east township areas. My research has established though that BB Transports is dependent on semi- and low-skilled workers from the nearby informal settlement called Du Noon. The latter settlement is situated to the east of Table View, and north of Killarney Gardens. The people who live in Du Noon are very poor and many live in "wendy houses" in the back-yard garden of brick houses. Unemployment levels are high, with many of those who are being employed being domestic workers in the nearby affluent areas. The 25 workers who are in BB Transports' employ consist of Africans and coloureds. Low-skilled workers are usually involved in doing such manual work as cleaning, loading or offloading goods off vehicles.

The semi-skilled workers *inter alia* work as senior check-ups, operate forklifts, handle specific equipment and vehicles, and also work in the workshop as 'spanner-hands.' Half of the workers go home at 5:50pm, while the rest work until the required work is finished, with implications

¹⁵ 14th October 2008

that they are often expected to work overtime. While workers employed as drivers, due to their higher incomes, use their own cars to commute to work, the vast majority of the workers tend to walk to work from Du Noon. My research has established that the public transport system servicing Killarney Gardens industrial area is very poor and 'general lousy'. There is one bus from the south-east townships which commutes workers to this area in the mornings and should workers ever miss it they would have to wait a few hours for the next one. There is no train service in or close to the area. Taxis are available but they operate until as far as the terminus, which means that many workers still having to walk quite a distance to their workplaces. The basic administrative work is normally carried out by the manager who, albeit the fact he owns a car, prefers to stay on the firm's premises most of the time.

BB Transport is, as discussed earlier, situated within a 5 kilometre distance from the nearby Du Noon informal settlement. Hence, workers are being recruited from this area, and they are recruited by word of mouth and through internal referral. Closeness to Du Noon tends to satisfy other company's requirements. For instance, BB Transports' proximity to this large source of semi- and low-skilled workers is important for the firm as workers tend to work overtime quite often and need to be transported home by the company manager. Also, Du Noon's closeness to this industrial area tends to minimize workers' travelling costs to work. This shows that BB Transports is less dependent on the semi- and low-skilled workers from the south-east townships.

The other firm is H. Roemer Transport¹⁶, a family owned business which supplies and delivers construction materials such as sand to a number of clients which are located within a 100 kilometre radius from this industrial area. Their client base consists mainly of builders, constructions companies, and distributors such as Penny Pinchers. H. Roemer Transport purchases most of their supplies from firms, such as sand mine, which are located very close to Killarney Gardens. They have been located in Killarney Gardens for almost 15 years. Prior to their move to Killarney Gardens, this firm was situated in Montague Gardens industrial area a year ago. One of the main influential reasons for their move from Montague Gardens to Killarney Gardens was their need for spacious premises and, at a time, property was much affordable in Killarney Gardens than in Montague Gardens. H. Roemer Transport occupy their own the premises in this area.

¹⁶ 14th October 2006

CHAPTER 8: DISCUSSION

This paper investigated whether the higher incidence of low-skilled workers unemployment in the south-east townships of the City of Cape Town is due to a spatial mismatch between their residential areas and location of employment opportunities. It should be noted that the lack of a single simple test for the spatial mismatch hypothesis (SMH) and the lack of detailed labour market data on the local level lead this paper to extract evidence by using a variety of approaches. These consisted of investigating whether there has been suburbanization of jobs in Cape Town using data provided by Wesgro. It is clear from the Wesgro report that the city of Cape Town has been experiencing suburbanization of firms and employment opportunities to the southern and northern suburbs. Nevertheless, my research results show that, given the opposite nature of residential patterns in Cape Town compared to the USA, the deconcentration of firms and employment do not benefit low-skilled workers from the south-east townships.

Following the abolition of apartheid, low-skilled workers from south-east townships would expect the suburbanization of economic activity (jobs) to bring vacancies closer to their residential areas and reduced spatial mismatches. Notwithstanding improvements in the overall integration of post-apartheid South African cities (see *inter alia* Oelofse, 1996; Saff, 1996; Lohnert, 1999; Horn, 2000; Christopher, 2001; Beall, et al., 2002; Freund and Padayachee, 2002; Jurgens et al., 2002; Parnell et al., 2002), Table¹ above shows that there has been an aggressive private sector investments and employment creation only in the southern and northern suburbs while the south-east suburbs such as Khayelitsha and Mitchell's Plain have been largely sidestepped. This suggests that low-skilled workers from the south east areas continue to face a variety of barriers on the demand side of the labour market relative to their lack of access to efficient public transportation to and from work, lack of access to information about suburban jobs, lack of effective social networks and "contacts".

The accumulated evidence presented in this paper suggests that there is a spatial mismatch in at least accessing some of the city's industrial estates that could explain at least partly why south-east townships unemployment rates are significantly higher. It was found that the greatest proportion of employment, and growth in employment opportunities had been taking place at a distance from the residential location of the largest proportions of the low-skilled population who are located in the south-east townships. This may be especially the case in the industrial estates labour markets that are located in the southern and northern suburbs. However, the apartheid geography of the city of Cape Town have now been changed through land invasion

and establishment of new informal settlements around areas of employment growth which are located in both distant southern and northern suburbs. In fact, this is consistent with earlier finding by Long (2001) who contends that unemployed people devise a variety of ways to cope with the constraints of travel patterns. Also, they are consistent with the recent findings of Lemanski, Landman and Durlington (2008) who found that land invasions by squatters in the affluent suburbs have actually changed the apartheid geography of Cape Town to the benefit of low-skilled workers in terms of access to employment in these car-oriented middle-class suburbs.

The outcome of my research shows that each of the selected industrial areas and business parks tended to be occupied not only by industrial firms but by a mixture of service and industrial businesses that are involved in a variety of business activities. This point is critical in my understanding of why businesses choose to locate in particular locations and not to others because it suggests that there is a remarkable shift from the traditional view that says industrial areas are occupied by manufacturing firms and business parks by offices. Also, my research has ascertain that older industrial area tend to offer more spacious premises, at an affordable price, compared to newer and modern industrial areas in general and city centre in particular. The importance of access to large pieces of affordable land is evident in the fact that, while these industrial areas are making commuting to work much easier and affordable for low-skilled workers, owners and other high income staff have to endure longer commutes to work. This means that for large-scale manufacturing firms which are experiencing expansion and needing spacious premises and seeking to escape the rising rents in certain locations within the city-region, older industrial areas therefore offer rent savings.

It is, however, important to note that rents do not always act to encourage their decisions to move and indeed relocation does not always offer rent savings, at least not to all locations. On the other hand, my research also shows that firms with a desire to invest and occupy their own premises and which need to design their business premises to meet their own unique business requirements tend to buy in modern business parks and industrial estates, and that this option is not available in the city centre. Also, my interviews suggest that firms tend to locate in areas that are generally chosen by other producers. This suggests the need for firms to reduce the costs of doing business across the economic space of the City-region serves as one of the primary incentives for firms to concentrate production of each good or service in a limited number of locations – leading to the economies of scale in production. Consequently, the

preferred locations for each individual firm are those where demand is large or supply of inputs is particularly convenient - which in general are locations chosen by other firms. Thus, this suggests that concentration of firms, once established, tend to be self-sustaining. This may sound pretty obvious. It is, however, an important point to bear in mind when interpreting some of the responses from the employers as they could be nothing more than a self-justifying exercise. That is, some of the reasons cited by employers to have led to their business location in a particular area could be nothing other their aftermath reflection on the advantages of being in that location at present.

This also partly explains why none of the firms interviewed cited the need to be closer to a large supply of low-skilled workers from the south-east townships as a main component of their decision making process when choosing a business location. Instead, my accumulated evidence suggest that, in spite of the poor public transport system and long distances between the south-east and distant suburbs, low-skilled workers from the south-east townships do accept offers of employment from these distant suburbs and they make various means to commute to and from work. This evidence indicates that while south-east low-skilled workers are located further away from the affluent north and southern suburbs employers in these suburbs do hire these workers, in spite of the fact they have to endure long commutes which may involve transfers and additional costs.

It is quite strange, though, that these employers ignore the long commutes which have a potential of impacting negatively on workers' productivity and absenteeism. Further, the fact that the location of low-skilled workers tends to be the least of employer's concern when choosing business location could suggest that there is an oversupply of low-skilled workers in the city and highlights the extent to which low-skilled workers are desperate to access and maintain jobs in these distant workplaces inspite of the personal costs involved -region. This is particularly so as my research results suggest that employers in city of Cape Town hardly ever provide transport to their low-skilled workers, the only reported exceptional case being that of Linpac Distributors from Montague Gardens, which is reported to be contributing 60 percent towards the monthly transport costs of each of their workers who commute to work from Atlantis and Paarl areas.

However, while the distance between the south-east townships and distant suburbs is one of the significant variables affecting south-east townships low-skilled unemployment, the effect of the manner in which vacancies are communicated seems to be much larger. A general model of recruitment practices emerged through the in-depth interviews with employers and provides the framework for the analysis presented in the remainder of this dissertation—namely communication of vacancies.

The communication channels used to advertise a job vacancy varied widely and were contingent upon a range of factors, one of which was the type of position to be filled. Vacancies for management and professional occupations tended to be advertised through national and local newspapers. Some employers were likely to fill moderately skilled vacancies by upgrading existing low-skilled workers; and then filling low-skilled vacancies with recruits who are more widely available rather than expecting to find ready-made skilled workers from among the unemployed stock. This implies that access to moderately skilled jobs in industrial areas by low-skilled workers from the south east can be constrained by the recruitment mechanism used by some of the firms. Also, my interviews show that a large number of employers reported that they recruit new low-skilled workers through 'word-of-mouth' and referrals through their existing staff. In other words, existing staff are often asked to recommend people whom they felt would meet standards applicable at a particular workplace.

This human resource practice, inevitably, tends to attract more next-of-kin applicants in a large number of firms. In fact, some firms that recruit through this mechanism (see for example R & M Boatbuilders) stated that that is exactly what they intended to achieve, and that they prefer to recruit family members in order to bring harmony to their workplace. It would seem that businesses recognised that bringing in families and friends to their staff profile tended to lower their costs of communicating the vacancy and sought to reduce labour turnover. These results are consistent with earlier work of Seekings and Natrass (2005) who found that low-skilled workers in South Africa access employment through connections and networks (that is, friends and family members). In fact, Seekings and Natrass' survey which was conducted after the end of apartheid in Khayelitsha and Mitchell's Plain about the importance of social capital in the labour market demonstrates that almost two-thirds of the respondents who had had a job reported that they got their first job through family and friends. This suggests that such connections tend to constitute a specific kind of social capital for work seekers.

This manner of communicating vacancies could be seen to exclude unemployed people, particularly those most at risk of exclusion with few or no links to the world of work through their existing social networks. Put differently, employers may be seen to be unwittingly exacerbating the high rates of low-skilled workers unemployment rates in the south-east townships. This evidence further shed insight as to why some employers tend to employ low-skilled workers who make long commutes to work even in instances where there is labour locally (in surrounding informal settlements): the manner in which vacancies are communicated tend to advantage those job seekers with good social networks. This evidence, however, does not reject the importance of the fact that the spatial distribution of jobs within the city-region creates access challenges for low-skilled workers from the south-east townships. What this suggests is that pure spatial mismatch does not exclude low-skilled African and coloured workers from the south-east townships from accessing employment in the suburb.

The fact that most of the low-skilled workers who are captive to public transport continue to commute to work in distant suburbs in spite of the challenges posed by the public transport system reinforces the notion that the manner in which vacancies are communicated is more of a barrier to employment for south-east township low-skilled workers than public transport. This suggests that, while the residential locations of low-skilled workers from the south-east townships makes it difficult for them to access jobs in the suburbs may not necessarily mean they are spatially challenged. That is, the lack of social networks among the unemployed appears to be creating a barrier to their access to employment. This means that a distance between the south-east residential and employment locations is immaterial for job seekers who have good social networks. However, the principal disadvantage for those low-skilled workers who lack quality social networks is their social rather than physical distance from employers. This is consistent with Kasinitz's and Rosenberg's findings in a Brooklyn neighbourhood that blacks were unable to secure employment at a local manufacturing firm because of their social disconnect from networks within the firm. In addition, residing in neighbourhoods with high unemployment rates is likely to further compound the problem of attaining quality social networks for blacks as was shown by Wilson (1987, 1996).

My research has also established that some firms tend fill in vacant positions for low-skilled workers off the street and through recruiting agencies. Off the street recruiting implies that constant physical proximity to the area is required for low-skilled workers from south-east townships to access employment in these industrial areas for them to be taken in off the streets.

As shown above, however, proximity to a particular industrial area does not seem to guarantee access to employment given the combination of recruitment methods (word-of-mouth, referrals) used by employers in these industrial areas. Neckerman and Kirscheman's (1991) found that, to the extent that employers recruit locally through their employees or local newspapers, low-skilled workers from poor neighbourhoods are likely to be put at an even greater disadvantage in the labour market than their suburban counterparts. However, Neckerman and Kirscheman's contention that 'suburban counterparts' are less disadvantaged by the said employers' recruitment mechanism is inconsistent with the outcome of my research in that the most decisive factor to access to employment seems to be the quality of a low-skilled worker's social network than proximity to a particular industrial area. Also, while international research indicates that intermediary organizations (for example, private placement agencies) have a positive impact on employment for black workers from poor neighbourhoods compared to other methods such as using newspapers or walking-ins (Melendez and Falcon, 1997; Holzer, 1987), the fact that a vast number of employers recruit through referrals makes the impact of private placement agencies insignificant, even if they were located in the south-east townships.

Contrary to the results of the Cape Town Partnership survey (cited in Turok, 2001) which reported that 53 percent of 413 city-centre respondents who felt that safety and security conditions were unacceptable in the city centre, none of the respondents in either Blackheath, Airport, Epping or Paarden Eiland industrial areas reported major concerns with both safety of their employees and their properties. In fact, my research has established that none of the interviewed firms in these industrial areas reported any extraordinary, sophisticated security and safety measures being installed. This finding contradicts Turok's (2001) argument that the older and more centrally located industrial estates "have generally been neglected and characterized by a run-down environment and an obvious security problem", and that industrial firms located elsewhere are reluctant to move or open branches in the south-east townships because of concerns about the safety of employees, the security of premises and vehicles in transit, and the longer journeys to work for senior staff.

Consistent with a Cape Town Partnership's report discussed earlier, where more than 72 per cent of central city businesses cited that there was insufficient parking in the CBD, a number of firms echoed similar sentiments as motivating reasons to be where located where they are at present. This finding has been confirmed in almost all firms interviewed in industrial locations - traffic and lack of sufficient parking spaces have emerged as the principal dislikes of living in the

city centre. In fact, the lack of parking in the CBD was seen to be one of the inducements to relocation, and hence its appearance in a suburban locationalisation choice is to be expected. This can largely be attributed to the availability of affordable and abundant pieces of land in most of these peripheral locations, coupled with their proximity to major highways. Traffic, in particular, emerged even less frequently in these locations as a negative feature. It is therefore not surprising that my hypothesis that the total trip production for a firm's skilled staff members is independent of a firm's location but that the availability of sufficient parking spaces will compensate for long commutes seems to be confirmed in this survey. In the city-region, space for more free parking is normally provided in a suburban location because land and construction costs are cheaper. Free parking, it would seem, probably appeared to be a necessary fringe benefit in the competition for a qualified labour force.

However, while the vast majority of firms cited the need and availability of sufficient parking spaces for relocation to their current suburban locations, this demands further explanation. My evidence suggests that firms located in traditional industrial areas such as Blackheath, Epping and Airport have so much big premises that they are able to offer not only free parking spaces to their staff members but also for their clients and suppliers parking needs. Nonetheless, this proves to be untrue for many firms who moved into business parks which are inaccessible by public transport. Because everyone who works in these business parks is forced to use own car to work (including clients and customers), this puts a lot of strain on the limited parking bays allocated to each firm. This unmet need for parking, as reported by OLRAC SPSS (Westlake Business Park), often results in firms paying up to R20, 000 to get an additional single open air parking bay. This goes to show that, while a firm's relocation from the CBD seems to solve its parking problems, such solutions are only temporary – as more and more firms suburbanize the traffic problem follows.

CHAPTER 9: CONCLUSIONS AND SOME IMPLICATIONS FOR POLICY

My research results suggest that the choice of location for a large number of businesses is influenced by the fact that different industrial areas have certain unique features which make them particularly appealing in varying ways for different businesses. For instance, whereas spacious premises and affordable rental prices offered by landlords in older industrial areas such as Epping make them particularly attractive to large scale manufacturers, the availability of larger pieces of land at low prices and which allows large manufacturing firms to design and construct their business premises according to their special operational requirements makes Blackheath and Airport Industria areas.

Conversely, firms which are less reliant on large supply of low-skilled workers in general and low-skilled workers from the south-east townships in particular tend to be located in business parks that are located in middle-class suburbs. These firms tend to employ mainly professional workers, hence the owners and their professional staff therefore prefer this kind of middle-class suburban location because it suits their own transport needs. These locations are inevitably new developments and as such provide these professional firms with the opportunity to both buy and to design their own office building, which helps them present and maintain particular kind of professional image to their clients. In general, access to major highways, geographical centrality within the city-region, proximity to clients and suppliers, were reported as key factors which influenced the employer's choice of business location.

While the spatial mismatch hypothesis does explain partly the constraints faced by low-skilled workers from the south-east township in accessing employment in the distant areas, however, these workers do make the necessary means to maintain jobs in these areas and employers from these areas do employ low-skilled workers from the south-east townships. This happens in spite of the challenges which are posed by the city's public transport system which is slow, unsafe and inefficient. Ironically, while this industrial area is making commuting to work much easier and affordable for low-skilled workers, owners and other high income staff have to endure longer commutes to work. However, employers from some of these distant industrial areas do not have to rely on the supply of low-skilled workers from the south-east townships as land invasion and establishment of informal settlements closer to these areas of growth have actually transformed the city's apartheid geography to the benefit of low-skilled workers in terms of access to employment in them.

It should be noted, though, that the qualitative research underpinning this paper complements the quantitative methodologies embodied by surveys such as the Labour Force Survey (LSS) which provide a snapshot of what is, in reality, a constantly moving picture of the local labour market. Through the qualitative work, employers are able to provide some insights into the multiple and dynamic nature of whether the suburbanization of firms and jobs to the distant southern and northern suburbs, and not to the south-east townships, does create a spatial challenge for and whether employers from these suburbs do employ low-skilled workers from the south-east townships. As shown above, the manner in which low-skill vacancies are communicated by businesses in Cape Town seems to be the main barrier to their access to employment. These practices need to be taken account of when thinking about south-east townships unemployment challenge.

This suggests that the spatial mismatch hypothesis fails to explain the high unemployment rate of the low-skilled workers from the south-east township areas. In other words, the outcome of my research implies that even if these jobs were located within the south-east townships areas those low-skilled workers who have poor social networks would still fare badly in the city of Cape Town's labour market. Put differently, low-skilled workers from the south-east townships would still fare poorly in the labour market even if their residences were to be relocated closer to the areas of employment growth. However, further research is needed to investigate the extent at which low-skilled workers from the south-east townships who accepts offers of employment from the distant industrial areas they tend to move and live into the informal settlements established closer to these industrial areas. Given that south-east townships are cheaper places to live in for the vast majority of low-income people, such a research would give insight to the possibility of whether it low-skilled people tend to be concentrated there for reasons other than spatial challenge. That is, whether the vast majority of poor workers live in these poor areas of the south-east compared to those who tend to live in the wealthy suburbs – closer to employment opportunities – could be nothing but a matter of personal and economic preferences other than spatial challenge.

While there is consensus among scholars that most of suburban job growth is concentrated in the service sector (see for example Stoll, 1995) and that numerous low-skill jobs are available for low-skilled workers in these areas (e.g. Mead, 1989), the extent to which the absolute number of jobs available to low-skilled workers may be insufficient (in the suburbs) for all

south-east township workers to be absorbed (see for example, Holzer and Danziger, 1997), and as such I may be overstating their employment problems. One of the salient features of my research is that the manner in which vacancies are communicated may be as (or more) important in determining the extent of mismatch unemployment. The vast majority of employers recruit through the word-of-mouth or their internal networks. This is consistent with internal literature which maintains that social networks and contacts are the primary mechanisms through which employment information flows.

These findings do not only expose various opportunities for significant intervention and galvanizing of development actions, but also suggest some salient actions for implementation by the city authorities. However, policies designed to counter what has been interpreted as pure spatial mismatch such as "Moving to Opportunity" (Katz et al., 2001), "Wheels to Work" and other programs to increase access of low-income workers to cars (Goldberg, 2001), and enterprise zones (Peters and Fisher, 2002) may prove to be relatively ineffective at increasing low-skilled African and coloured employment in Cape Town. This is consistent with the results I find here, where simply living near jobs, even at one's skill level, does little to boost employment unless such job seekers have quality social networks.

Many of the "mismatch" problems noted in this research are associated with access to information about low-skilled vacant positions spatial issues which is a function of poor social networks. These challenges can be addressed with assistance from labour market "intermediaries," that is, third party agencies that can help bridge the gap between low-skilled workers and potential employers along a variety of dimensions. These agencies can assist workers with job search or job placement, particularly if they develop good relations with employers from distant suburbs. Also, these agencies can provide workers with transportation assistance, limited amounts of training (often targeted to jobs with specific employers), and support services aimed at improving job retention. This can be of much success especially if these agencies are located closer to where the poor people live, in the south-east townships.

LIST OF INTERVIEWS CONDUCTED

Name of Business	Interviewee	Contact #	Date
AIRPORT INDUSTRIA			
Autotrade Supplies	Garth De Nobrega (Manager)	380 8500	27 th September 2006
DHL Warehouse	Gershwin & Keith	935-0070	16 th October 2006
CTC PLANT COMPANY	Hank	386 4190	7 th May 2008
Extra Attic Storage	Marlies Stephan	386 0386	27 th September 2006
Stocks Building Africa	Chris von Ess (Director)	386 6336	12 th October 2006
LeFarge Cement	Thembani Nogqola	386 6336	15 th June 2008
EPPING			
Maxidoor	Marc de Fleuriet (Owner)	534 8610	13 th October 2006
Mvelapandhla	Luis Lopes (Manager)	5355012	11 th October 2006
Tomotex	Shaun (Owner)	534 1795	11 th October 2006
VYE Graphics	Jetta (Owner)	534 7368/9	3 rd May 2006
Paarden Eiland			
R & M Boatbuilders	Manuel Mendez		29 th March 2008
Hosefit	George Diesel (Rep)	510 4299	10 th April 2008
BLACKHEATH			
Golden Arrow	Alan (Operations Manager)	905 0033	1 st November 2006
SGB Scaffolding	Stanley Smith (Owner)	905 0775	1 st November 2006

Frankipile	Mr. Hobbs		27 th October 2008
Stone Age	Martin Steenberg	905 3780	13 th June 2008
VEYPACK	Peter Aldriedge	905 3780	24 th April 2008
MONTAGUE GARDENS			
Bryco Metals	Gideon van der Walt	551- 5981	4 th March 2008
CHIETA	Roger Adriaanse (Skills Adv)	551 1113	10 th April 2008
Daikin Air-Conditioning	Serge Jeannet (Manager)	551-7776	12 th June 2006
Espatania Shipping Company	Brenda Statt		4 th March 2008
Fabric & Textile Warehouse	Bradley (Manager)	552 2878	31 st July 2006
Linpac Distribution	Russell Juds (HR Manager)	529 380	12 th July 2006
Lukas Abrasives	Tyron (Sales Rep)	551-0090	4 th August 2006
Mike's Car Parts	Peter (Bookkeeper)	552 9304	4 th August 2006
PrimeServ	Wayne Ramsey (BDO)	5283900	10 th April 2008
Shisana Factory Shop	Wadia (Manager)	551 6578	4 th March 2008
Yelland Control	Victor Marks (MD)	551 2448	4 th August 2006
Killarney Gardens			
BB Transport	John	557 7846	14 th October 2008
H. Roemer Transport	Anthony Roemer	557 6708	14 th October 2008
WESTLAKE			
OLRAC SPSS	Mike Berg (Owner-Partner)	702-4111	19 th April 2006
Sustainable Energy Africa	Megan Euston-Brown	702-3622	9 th May 2008

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